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Latin America Report

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INTER-AMERICAN AFFAIRS

OECS SUMMIT MEETING HELD IN ST KITTS-NEVIS

Opening Ceremony

Basseterre THE DEMOCRAT in English 31 May 86 p 1

[Text]

IN a televised Press Conference held yesterday afternoon to bring down the curtain on the Ninth Meeting of the Authority of the Organisation of the Eastern Caribbean States (the 9th Summit Meeting of Heads), the Prime Minister of St. Kitts and Nevis the Rt. Hon. Dr. Kennedy Simmonds expressed his positive attitude to the just-concluded Conference. "I consider it a very successful meeting," said Prime Minister Simmonds. "Its success is ample evidence of the fact that in spite of the difficulties which must occur, the OECS has managed over the years to maintain not only a picture of unity, but has been very unified in its approach to bringing a better quality of life to the people of the sub-region."

The Prime Minister was speaking as the newly installed Chairman of the 8-Member Grouping of Islands in the Eastern Caribbean Archipelago. The background to this optimistic conclusion of the meeting was a most impressive Opening Ceremony which was mounted upon an elaborate stage at Warner Park in Basseterre. Attended by 6 of the 8 Heads of Government of the OECS (all except Prime Minister Bird of Antigua and Barbuda, and Prime Minister Mary Eugenia Charles of Dominica) the Ceremony was distinguished by the large crowd in attendance in the Pavilion, the Stands, and the Bleachers. In addition the Ceremony featured a stirring rendition of OECS tunes

by the fabulous Coronets Steel Orchestra, a thrilling display by local Masquerades and Actors, and a Parade of the National Sporting Teams, including OECS Football Champions (St. Kitts), Netball, Basketball, Table Tennis, Lawn Tennis, and Cycling among others. A memorable and unique demonstration of people involvement.

The Opening Ceremony coincided with the commencement of celebrations for the 5th Anniversary of the Founding of the OECS in Basseterre. This fact was not to be lost on any of the speakers who were introduced by Director-General Dr. Vaughan Lewis. Starting with outgoing Chairman Prime Minister Herbert Blaize of Grenada, speaker after speaker returned to the theme of the significance of the occasion, marked by the staging in St. Kitts and the hosting under Prime Minister Simmonds of both the Founding and the 5th Year of OECS.

In sober Opening Remarks, Master of Ceremonies Director-General Lewis referred to the first five years of OECS as a period of Economic and Political difficulty for the Region, in which difficulties of Intra-CARICOM Trading were to surface. Dr. Lewis urged that the Conference gives serious consideration to the challenges to progressive cooperation in the OECS. He was to be followed by outgoing Chairman of the OECS Prime Minister Blaize of Grenada.

Mr. Blaize emphasised the absolute necessity of collective Regional Security and a threat of dangerous drugs which menaces our Youth. "Say NO to Drugs", he warned. He then declared that he was handing over his Chairmanship to Prime Minister Simmonds, who delivered the Welcome Address which is reproduced in full on the Back Page of this Issue of THE DEMOCRAT. The entire Opening Ceremony was carried "Live" on ZIZ Television.

Simmonds' Welcome

Basseterre THE DEMOCRAT in English 31 May 86 p 12

[Text of Welcoming address by Dr Kennedy Simmonds, prime minister of St Christopher and Nevis and newly installed chairman of the OECS, at OECS summit conference at Warner Park, St Christopher, on 28 May 1986]

[Text]

It is my pleasant duty and also a privilege for which I am grateful to welcome you once again to the Federation of St. Kitts and Nevis. Our people's welcome is Warm, Heartfelt and Abundant.

Here five years ago, in beautiful, tranquil Basseterre nestling in this fertile valley, the countries of Antigua and Barbuda, Dominica, Grenada, Montserrat, St. Kitts and Nevis, St. Lucia, and St. Vincent and the Grenadines signed a history-making Treaty - the Treaty of Basseterre. We have now added a new Signatory - The British Virgin Islands - as an Associate Member. That first signing was an event which went unheralded, unsung and perhaps even unnoticed in many parts of the world. It was an event which signalled a new beginning for the people of the Eastern Caribbean. A beginning in which we were sending a clear message abroad, that we were determined to coordinate our efforts and pool our energies and resources for the benefit of our peoples even in the face of a hostile world economic environment.

It was a new beginning too in that we were building upon the foundation laid by many who had gone before and who had toiled, with varying degrees of success, in the vineyard of the Regional Integration Movement. That new beginning was not without its problems. There was even then, an unease about the fact that Grenada was represented by a Revolutionary Government. Coupled with that uneasiness however, was the genuine concern that the people of Grenada should be partners in the building of a regional identity. Diplomatic initiatives to bring about the return of Democratic Government to Grenada never ceased within the 3 years following the signing of the Treaty.

In 1983, the OECS faced its greatest challenge. We were called upon to answer the question: "Were we all our brother's keeper?" The answer, not only from Governments, but from the people of our Organisation, reverberated loud and clear throughout the region and was heard around the world. The United States of America responded to our call. What was more important for the cause of Regional Integration, however, was that the OECS met head on, the challenge to Democracy and Security in the region.

Today, it is fitting and symbolic, as on this 5th Anniversary we remember those events of 1983, that the current Chairman in Office should be the Right Honourable Herbert Blaize, Prime Minister of Grenada, with us now as the Head of the Democratically Elected Government of Grenada. As Chairman, and as a symbol of the Organisation's commitment to preserving the Freedom of the people, he deserves our special acclaim and welcome. Grenada has also served to highlight what we have known all along - that stability and security are essential to the economic development of the region. This Anniversary provides an opportunity for us to rededicate ourselves to our main objective which is to enhance the economic development of the region and bring a better quality of life to our people.

All of us seek to break away from the stranglehold of inherited mono-cultural economies. We see tourism, industry and agricultural diversification as the main planks on which to build our restructured economies. Together we have achieved some success in all of these areas. We have secured regional funding for provision of aircraft to maintain vital air communication links. There is in progress a programme for improving regional airports. We have negotiated and received assistance with tourism promotion, and training of our people in all areas of tourism development. In Industry we have been

collaborating on the negotiation of bilateral investment treaties--cooperated to secure a measure of relief from the United States for our beleaguered garment industries.

Although trade in the region has been plagued by problems, yet in the subregion there has been support for regional industrial products which include paints from Antigua and Barbuda and Dominica, flour from St. Vincent and the Grenadines, soap from Dominica and shoes from St. Kitts and Nevis, to name a few. We are now assured of funding to improve our export capability through an East Caribbean States Export Development Agency (ECSEDA). We must, however, continue to address this most vital subject of intra-regional trade among ourselves and also within the CARICOM context.

We the leaders recognise that in order to make each one of our countries attractive to foreign investment and to visitors, we have to make ALL of our countries attractive. Our people must be kept constantly aware of this. Unfortunately, it is a fact of life that adverse developments in one country can place the entire Caribbean, and hence all our countries in an unfavourable light. OUR PEOPLE ARE THE OBJECT OF ALL OUR HOPES AND ASPIRATIONS, AND THEY ARE ALSO THE FOUNDATION ON WHICH TO GROUND THE ACHIEVEMENT OF THOSE OBJECTIVES. The OECS has been strong in the implementation of programmes in Human Resources Development. We have carried out training in the public and private sectors and secured funding for improving and expanding Post-Secondary Education in the Non-Campus Territories of the University of the West Indies.

The OECS has laid the foundation for the future of regional cooperation by bringing the young people of the region together in the areas of Sport and Culture. If the Battle of Waterloo was won on the Playing Fields of Eton and Harrow, then the Regional Integration Process can receive impetus on the Playing Fields of the Eastern Caribbean. The variety of sports represented by the teams on parade today is ample testimony to the excellent work of the OECS Sports Desk. This work has given us here in St. Kitts the opportunity to become the first-ever OECS Football Champions. The various organs and institutions and committees and Desks of the Organisation have performed well and have made the OECS productive, progressive and people-oriented.

The task of leading our people to a better life is a never-ending one, and each day brings new problems and new challenges. The development of our Marine Resources is one such major challenge. We have literally only skimmed the surface in this sector of economic activity. We must work together to improve our capability in this area. I believe the long-term benefits to our people would be considered.

As we celebrate the 5th anniversary of the Signing of the Treaty of Basseterre, let the clarion call go out from this place to our people throughout the region to support your organisation, your OECS. Let us support togetherness, let us support cooperation, let us support collective action. Problems, challenges, differences and even misunderstandings there will be, but let us solve our problems, rise to our challenges, and settle our differences in a spirit of understanding and mutual respect. Above all, let us keep the torch of Regional Integration burning bright so that we may pass it on to future generations.

ONCE AGAIN, COLLEAGUES AND NEIGHBOURS, I BID YOU WELCOME!!

INTER AMERICAN AFFAIRS

GRENADA APPLIES FOR MEMBERSHIP IN OECS SUPREME COURT

FL191813 Bridgetown CANA in English 1637 GMT 19 Jul 86

[Text] St Georges, July 19--Grenada has written to the Organisation of Eastern Caribbean States (OECS), Secretariat in St Lucia seeking to return to its supreme court, Legal Affairs Minister Ben Jones has announced.

I have already submitted the necessary application to the OECS Secretariat, Jones said in a radio broadcast last night.

His remarks were made against the backdrop of a recent ruling from the local court of appeal for the government to state whether it was planning to return to the OECS court system or intended to make the necessary constitutional amendments to give permanent constitutionality to the present court here.

The existing court in Grenada was set up by a decree of the leftist Peoples Revolutionary Government (PRG) after it came to power in a 1979 coup.

The validity of the court has been consistently challenged by 18 former government and military officials now on trial for the 1983 army slaying of Prime Minister Maurice Bishop and 10 associates.

The court of appeal has ruled that the court system in Grenada owes its existence on the doctrine of necessity and that the island's lawful court system is that of the Eastern Caribbean Supreme Court.

A government-appointed constitutional commission in a recent report urged the administration of Prime Minister Herbert Blaize to return to the OECS Supreme Court in the interest of regional unity.

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CS0: 3298/515

INTER-AMERICAN AFFAIRS

CARICOM MINISTERS OF AGRICULTURE HIT CDB, UWI

FL231130 Bridgetown CANA in English 1612 GMT 22 Jun 86

[Text] St Georges, June 22—Caribbean Community agriculture ministers are unhappy with the agricultural lending policies of the Caribbean Development Bank (CDB), a top Grenada official says.

Agriculture Minister George Brizan told CANA that at their recent meeting the ministers agreed that the CDB should be asked to set up a special fund to assist member states in attracting more farmers to the agricultural sector.

Brizan, an economist, said the agriculture ministers were definitely not happy with the performance of the CDB in this area. ...We found that its lending policies have been rather restrictive as they pertain to the acquisition of land by farmers, particularly new entrants and young farmers wanting to enter agriculture and who have very little resources to do so.

We have expressed those concerns and the committee (of ministers) suggested that the CDB needed to consider reformulating its lending policies to address those specific needs, he said.

Brizan said the Caricom agriculture ministers were also critical during the meeting of some of the agricultural training programmes of the University of the West Indies.

We found that the quality of the training by and large seems to fit people for an office orientation, and we were not quite happy that enough persons who were trained at the university were becoming farmers, he said.

We think that the test of the university is really its capacity to generate or to create those kinds of trained persons who would go and become managers of farms on their own as opposed to becoming engaged in a sort of parasitic type of activity.

Brizan said that during the meeting the ministers also reached agreement on the need to set up an agricultural objective for the sector and to guide its development during the 1987-91 period. There was also agreement, he indicated, on the need to identify new areas of production and trade in agriculture, as well as the acquiring of finance to promote development projects in the industry.

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CSO: 3298/515

INTER-AMERICAN AFFAIRS

REPORTAGE ON CARIBBEAN LABOR CONGRESS REPORT

Basseterre THE LABOUR SPOKESMAN in English 31 May, 7 Jun 86

[Walford Gumbs column "Trade Union Eye"; for first installment of report on Caribbean Congress of Labor (CCL) document adopted at recent Barbados meeting of the CCL, see JPRS-LAM-86-069, 1 August 1986, page 6]

[31 May 86 pp 4, 9]

[Text]

Technical problems
prevented the
continuation of the
reproduction of the draft
"Trade Union Programme
For Caribbean Economic
Transformation" which
was first published on
Saturday 10th May, 1986.

Today, I am pleased to continue the report for the benefit of all interested groups e.g., private sector, manufacturers, government and the general public.

I hope that Heads of Government will find the report useful while deliberating on the achievements or non-achievements of their 1984 Nassau Understanding.

EXPORT PROMOTION

12. As part of the region's transformation effort, the CCL backs the extension of Caribbean export promotion policies to further develop finance for essential investment required in such areas as market research, export credits, product development and transport. Export promotion should aim to broaden both the product range and the markets for Caribbean trade. In this regard increased trade with other developing countries, particularly in Latin America should receive close attention. Governments should also seek to improve the terms of the Caribbean Basin Initiative and the Lomé Convention and establish a new agreement on aid and trade with Canada.

AGRICULTURE DEVELOPMENT

13. The CCL attaches great importance to agricultural development. While recognising the need to maintain the competitiveness of traditional crops, the CCL is convinced that new agricultural sectors producing both for domestic consumption and export have great potential for reducing trade deficits and creating employment. Agricultural policies should aim to increase the range and volume of output by farmers through:

- increased credit;
- improved extension service;
- a realistic policy on economic land holdings;
- support to cooperatives, better storage, packaging, transport and marketing; and
- local agricultural research and development institutes.

Rural workers organisations should be encouraged to play a meaningful role in the elaboration and implementation of agricultural policies at local, national and regional levels.

MANUFACTURING INDUSTRIES

14. The CCL proposes that regional sectoral strategies for manufacturing industries be developed along the lines of that recently proposed to CARICOM by the Investigative Commission on the Garment Industry. The CCL believes that in general such strategies should concentrate on identifying opportunities for high value-added exports. They should be supported by regional tripartite advisory committees. An essential element of this type of policy will be improved training both for production workers and management. Market research, quality and reliability of supply are keys to success.

TOURISM AND RELATED SERVICES

15. Tourism and related services are already, and should continue to be, important sources of foreign exchange and employment. Governments should pay equal attention to attracting large numbers of visitors and to providing high quality services. A vital element to success will be effective environmental, transport and training policies. Efforts to reduce unemployment and poverty by reducing social deprivation will also curtail the worrying increase in crime which is harming the further growth of tourism.

INVESTMENT BY MULTINATIONAL COMPANIES

16. The CCL recognises the need for investment by multinational companies and proposes that tripartite national review bodies be established to attract foreign direct investment and to consider on a case by case basis each company's plans with a view to maximising their contribution to development and employment. Governments and companies should fully observe the ILO Tripartite

Declaration of Principles on Multinational Enterprises and Social Policy. Wherever possible local or public participation should be encouraged. CARICOM should strengthen its region wide policy on fiscal incentives to regulate potentially damaging competition between CARICOM Member States for foreign direct investment. The CCL is sceptical of the overall benefits of export processing zones and insists that workers in such zones should not be deprived of their legal rights, including the right to join and be represented by trade unions.

THE ROLE OF THE PUBLIC SECTOR

17. Structural transformation requires not only the encouragement of private enterprise but also an active supporting role for the public sector. Public services such as health and education are vital to the current and future productivity of the Caribbean region. The transport, communications and energy infrastructure must be maintained and improved. Without a dynamic public sector, private sector initiative will be stifled.

18. However, the CCL recognises that public sector activities must be paid for either by sales of goods and services, tax revenues or borrowing. In view of the heavy investment needs of the region, government borrowing will have to be kept under close control. Therefore, tax systems and public sector prices should be regularly reviewed, in consultation

with trade unions, so as to maintain revenue while ensuring that those most able to pay, shoulder their full share of the burden and that inflation is kept under control. Governments should establish tripartite mechanisms to monitor prices throughout the economy to prevent excessive profits being made by any form of enterprise. Taxation and financial policies should also aim to encourage domestic savings so as to reduce the call on foreign borrowing for both public and private sector investment.

EDUCATION AND TRAINING

19. The region's most valuable resource is its people. A central element of a medium term policy for structural transformation is therefore investment in the skills of the workforce. Primary, secondary and tertiary education should be revamped to ensure high basic levels of literacy and numeracy plus a wide range of skills and qualifications appropriate to the changing needs of the economy. The education system should also prepare young people for the challenge economic transformation poses to social attitudes. The Caribbean Examination Council (CXC) should urgently develop its certification system to speed up these much needed improvements. Similarly, national governments in close collaboration with ILO and in consultation with the trade unions, should step up vocational training and retraining.

SPECIAL EMPLOYMENT MEASURES FOR YOUTH AND WOMEN

20. The proportion of young unemployed as a part of total unemployment throughout the region is intolerably high. While youth unemployment is a part of overall unemployment, the number of young

school leavers facing a bleak future in the search for a job threatens the very social, political and economic fabric of society. Inadequate and inappropriate basic education, lack of opportunities for practical skill-oriented, technical and vocational training and insufficient numbers of new jobs have left the youth of the region with little or no possibilities to obtain productive employment. Proper preparation of young people, by providing vocational training, decent standards and carefully monitored employment experience is needed to assist youth to be gainfully employed. To meet the needs of young people, governments must provide jobs or training, and initiate special youth training programmes with the full involvement of the trade union movement in order to ensure that training is properly conducted, that young people are not exploited, and that training schemes do not displace existing jobs. Young people in employment must be ensured the same protection as other workers and their conditions determined on the basis of equal pay for work of equal value.

21. Unemployment amongst the region's women workers is higher than that of their male counterparts. This is a direct cause of family poverty, especially for the large numbers of single-parent families headed by women, and reflects long-standing discrimination against

female workers. Consistent with the resolutions of a special seminar for Caribbean women trade unionists held in January 1985, the CCL supports special measures to increase women's access to education and training, remove discrimination in employment, improve child-care and transport.

[Text]

Today, I reproduce the third and final part of this most important document "A Trade Union Programme For Caribbean Economic Transformation". The document proposes an alternative to that which was proposed by the Heads of Government Conference in July 1984, known as the "Nassau Understanding."

I hope that interesting groups will study these alternatives as it is the intention of the contributors to give wide publicity to the proposals.

If enough interest is experienced, I will also reproduce the full text of the "Nassau Understanding" so that a clear comparison can be made, and also since I am aware that this document is still held with some secrecy by some governments, even here I had difficulty in getting a copy.

INDUSTRIAL RELATIONS

22. Successful structural transformation and improved industrial relations are closely linked. Caribbean trade unions are ready to discuss with governments and employers new mechanisms for preventing unnecessary and damaging conflict in the interest of cooperation for shared objectives. The foundation for greater cooperation is full respect for the well-established international labour standards of the ILO, especially those concerning Freedom of Association and the Right to Organise and Bargain Collectively. A shift away from confrontation necessitates the generation of a new atmosphere of trust between employers, both public and private, and unions which in turn requires legal rights on the disclosure of information and consultation on management's plans. New approaches to collective bargaining which relate pay to productivity are possible but are also related, among other things, to

enhanced job security, safety and health at work and workers' participation in decision-taking. Machinery for the conciliation and arbitration of disputes must also be improved.

WAGE POLICY

23. Collective bargaining is a long-established and immensely valuable tradition in Caribbean societies. It is a strong base for the development of the broad consensus required for effective transformation policies.

However, governments, employers and trade unions should develop effective tripartite mechanisms at the national level which can enable the expectations of all those engaged in the collective bargaining process to be more closely related to economic prospects and policies. Unions continue to believe that measures must be taken to promote a more equitable distribution of income and wealth. In this context, unions will expect governments to ensure that all members of the community share the burden of income restraint, that inflation is effectively controlled and that employers increase investment and employment.

24. More stable and acceptable systems for the determination of public service wages and conditions are vital. Such systems should avoid damaging swings between freezes and "catch-up" settlements, establish broadly accepted pay relativities improve both work morale and

productivity, prevent damaging disputes in essential services and provide a rational basis for manpower planning. With regard to the complex subject of public service productivity, joint mechanisms for the review of work content against clearly defined objectives must be set up.

THE RELATIONSHIP BETWEEN REGIONAL AND NATIONAL POLICIES

25. Many elements of regional policies will have to be implemented by national governments. Governments should honour their commitments to the agreed common approach. Tripartite regional bodies can materially contribute to the development of realistic and broadly supported policies which in turn will assist in the follow-through of a concerted regional strategy.

ACTION BY THE CARIBBEAN CONGRESS OF LABOUR AND ITS AFFILIATES

26. The CCL will seek a series of meetings with regional and international authorities to discuss the proposals contained in this trade union programme. The CCL will wish to meet the chairperson of the CARICOM Heads of Government Conference before their annual meeting. Further meetings will also be sought with CARICOM Ministerial Committees to discuss specific aspects of the programme and to extend existing possibilities for access to the CARICOM decision-making process. Similarly, meetings with the CARICOM Secretariat, the Caribbean Development Bank, the Caribbean Association of Industry and Commerce and the Caribbean Office of the ILO will be requested.

27. In collaboration with the ICFTU, the CCL will ask for a meeting with the World Bank in its role as coordinator of the Caribbean Group on Economic Cooperation and Development. Within the framework of the ICFTU and its relations with international organisations like the International Monetary Fund, the Inter-American Development Bank and the International Labour Organisation, the CCL and its affiliates will continue to press for policies to promote world economic growth, balance development, increased employment and improved living standards. Contacts with trade unions in the EEC, the USA, Canada and other industrial countries will be continued with the aim of improving the region's bilateral trade and aid arrangements.

28. Regular reports on progress on the follow-up of this trade union programme will be made to the Administrative Committee and the General Council of the CCL and a special report will be presented to the forthcoming Triennial Delegates Congress.

29. The CCL will step up its research activities in support of the trade union programme within the constraints of its available resources. In addition to supporting regional level representations, the work will concentrate on assisting national affiliates in the development of their own research capabilities.

30. The CCL will develop educational materials on the region's economic situation and the trade union's policy proposals. In view of the key role of trade unions in the economic transformation of the region, the CCL and its affiliates will seek government recognition and financial support for their trade union education programmes.

31. Through the ICFTU, and with the support of its affiliates, and international agencies, the CCL will continue its own efforts for the generation of small scale employment and skill enhancement projects. The CCL and its affiliates will also seek close involvement in government sponsored development projects.

32. The CCL and its affiliates, in continuation of their relationship with the ILO-Caribbean Office, will work to improve the compilation and dissemination of Labour Market Information, general trade union education, including on such specific subjects as employment and development, occupational safety and health, and economic and social research.

CONCLUSIONS

33. The CCL is one of the oldest of the region's institutions. Throughout its long history it has contributed vigorously to the economic, social and political life of the Caribbean. The region now faces the immense challenge of taking hold of its destiny, extending its strong traditions of democracy and building a future where all can contribute to the fullest extent of their abilities to individual and collective advancement. The Trade Union Programme for Caribbean Economic Transformation is evidence of the commitment of the CCL to the search for the new broad based consensus which is vital to the future well-being of all the peoples of the region.

/8309

CSO: 3298/515

INTER-AMERICAN AFFAIRS

CARIBBEAN YOUTH FEDERATION FORMED AT ST LUCIA MEETING

Castries THE VOICE in English 2 Jul 86 p 2

[Text]

YOUTH leaders from seven Caribbean countries have vowed to use their newly formed Caribbean Federation of Youth (CFY) as a stepping stone for the achievement of Caribbean unity.

The formation of the CFY came at a weekend meeting here during which delegates examined proposals on the role and structure of a Caribbean body.

A statement issued following the end of discussions said that the CFY would expand its scope to include one national youth organization from all Caribbean countries "providing that such a body represents a broad majority of the youth of the countries and is self-governing and voluntary, prescribing to the aims and objectives of the CFY and having aims and objectives which accord with those of the CFY."

INTEGRATION

It said the CFY would seek to foster relations with local, national, regional and international organizations with the aim of creating integration through educational, social, cultural and other necessary activities required to ensure the further development of Caribbean youth.

The CFY will be officially launched at a meeting planned for St. Kitts on October 25 and 26, this year, will locate its secretariat in St. Vincent. It is expected that the first executive will be elected and a constitution adopted at the St. Kitts meeting.

According to the statement, the CFY will be governed by a congress of delegates which will elect a four-member executive which is expected to implement the programmes of the Federation and submit new policies to further its development.

The formation of the CFY was preceded by regional meetings in Trinidad and Tobago and St. Vincent, earlier this year, which helped to prepare the St. Lucia conference.

Represented at the St. Lucia meeting were the National Youth Councils of St. Vincent, Anguilla, Montserrat, St. Kitts, Nevis, Barbados and St. Lucia.

Above, some of the delegates at the weekend meeting.

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CSO: 3298/515

INTER-AMERICAN AFFAIRS

GUATEMALANS CALLED TO SUPPORT CLOSER TIES WITH MEXICO

Guatemala City PRENSA LIBRE in Spanish 25 Jun 86 p 10

[Editorial: "Closer Economic and Political Ties with Mexico"]

[Text] An old resentment, going back to the dawn of our independence, stirs up a feeling of suspicion every time someone mentions Mexico, because one is reminded of the Gutaemalan territories which were annexed by our powerful neighbor.

That is the fear that arises each time anyone mentions utilizing the Usumacinta River to generate electric power, since it is taken for granted that Mexico will have all the advantages and Guatemala all the damage. They say, for example, that extensive areas of El Peten will be inundated if the hydroelectric plant is constructed, and that some archeological sites will be destroyed by the water.

However, nothing seems to be more unjustified than these fears. We firmly believe that the time of territorial conquest has disappeared for good in America. We cannot say the same if we turn our eyes to other places on the planet, but in our region, that history of voracity cannot be repeated. The United States can celebrate the annexation of Texas all it wants, but it is a fact that it cannot take another piece of land from Mexico; the latter country, in turn, can no longer take over our frontier territories, nor can we set our sights on Honduran or Salvadoran lands. Times have changed, firmly and positively, in these matters. Nowadays international law is stronger than the base impulses which gave rise to the slicing off of territories belonging to small countries to aggrandize those of the larger countries.

The Usumacinta is a natural resource subject to international regulation. It cannot and should not be utilized unilaterally, and it is an indisputable fact that a large hydroelectric plant constructed by the governments of the two nations would greatly benefit Guatemala's development. The Usumacinta has been, until now, a formidable, but unused, resource.

The rapprochement between Guatemala and Mexico should be viewed with a positive spirit. Some internal events in Guatemala have produced an increase in relations at the popular level, which are bound to become stronger in the coming years.

If our trade balance with Mexico is unfavorable, that is not the fault of our neighbor, but of low agricultural and industrial production in Guatemala. A prime illustration is the thwarted cattle exports, for which the Mexicans offered to pay in dollars. Guatemalan cattlemen desperately wanted the export permit, but the government denied it because, in its opinion, production is insufficient, and there would not be enough for the domestic market. And, in addition, we have Guatemala importing staple grains, something which should not be happening, because our country, as is frequently said, is an eminently agricultural one.

A close relationship with Mexico, based on the legitimate interests of the Guatemalan people, is to be applauded. This is not true if only the interests of political groups temporarily in power are considered, but that is not the case this time.

8735/9835
CSO: 3248/575

INTER-AMERICAN AFFAIRS

BRIEFS

\$200 MILLION OWED TO GUATEMALA--Guatemala, 23 Jun--Debts owed by Central American countries to Guatemala amount to some \$250 million (or Central American pesos), but, deducting what our country owes to Costa Rica, there is still a favorable balance for us of some \$200 million. Eduardo Estrada Galves, vice minister of integration, referred to the debt in a general way, that is, in approximate figures. He said that Guatemala owes Costa Rica some \$55 million. Nicaragua owes Guatemala about \$170 million, a figure which is increasing constantly because of interest. Honduras, in turn, owes \$19 million, and El Salvador \$60 million. This makes a total of \$249 million owed to Guatemala and, deducting the \$55 million owed to Costa Rica, leaves a positive balance of \$194 million, which with interest amounts to \$200 million. The official explained that he does not know the exact figures, since those are kept by the Bank of Guatemala. With regard to Nicaragua, the vice minister of integration said the bank has been talking with officials of the Bank of Nicaragua to try to find a solution to the increasing debt. Last year Nicaragua promised to make periodic interest payments, but since it has not honored its commitment, the payments have been accumulating, increasing the principal owed. [Text] [Guatemala City EL GRAFICO in Spanish 23 Jun 86 p 12] 8735/9835

CSO: 3248/575

ARGENTINA

DOWNWARD TREND IN OIL PRODUCTION, EXPLORATION POSSIBILITIES

More Wells Needed

Buenos Aires CLARIN in Spanish 6 Jul 86 pp 10-11

[Text] The figures compiled for the first 5 months of the year reveal that oil production has dropped by nearly 1.5 percent from the same period of last year. The average amount of petroleum drilled daily has been less than 70,000 m³ thus far in 1986, a figure which will probably decline even further in the next few months because of the difficulty of working in winter conditions in the oilfields of southern Argentina. Compared to the record drilling total achieved at the end of 1980 (just over 80,000 m³ per day), the decline is more than 13 percent.

Last year the fall in oil production did not cause bottlenecks because it coincided with a reduction in domestic consumption as a result of the sharp drop in the gross industrial product. This new slump in drilling, on the other hand, comes in the midst of a slight economic recovery, which can be seen in certain industrial sectors. This situation severely restricts the country's ability to become self-sufficient in petroleum. If the current trends in oil production and economic recovery continue, the country will inevitably have to import crude oil in the medium term.

Although this year domestic consumption should be covered by domestic production (which will total about 24 million m³), the same will not be true next year, given the current rate of drilling. This year, due to the financial difficulties of Government Oil Deposits (YPF), a total of some 500 wells will be drilled, compared to an average of 900 to 1,000 wells in recent years, according to sources in the sector. Given that the yield of deposits tends to decline naturally, if new wells are not opened up, production will fall off sharply in the future. In any event, any wells that are not drilled this year must be drilled next year if domestic production is to be maintained, so a very severe problem has been put off.

For this very reason, YPF is negotiating new loans with the World Bank to finance the drilling of new wells. It is estimated that in the next few months, a \$60 million loan could be signed. This is not nearly enough to meet

drilling needs. Given the liabilities of the state oil company, oil industry sources claim, World Bank authorities are reluctant to extend any more credit to it. Consequently, any additional financing must be ruled out (at the beginning of the negotiations there was talk of \$400 million), unless major changes are made in petroleum policy. One possibility being discussed is that of granting oil drilling areas that are partly under YPF control to the private sector for production purposes.

Reserves and Exploration

Another source of concern is the country's stagnant petroleum reserves, which for several years have remained at a plateau of 360 million m³. This is equivalent to 14 years of consumption at the current rate, a figure which will be reduced drastically if domestic demand rises.

In order to turn this situation around, this year exploration was opened up to private capital. The first round of bidding obtained a relatively weak response; bids were received for 30 percent of the deposits up for contract, and the investments involved amounted to about 30 million australes.

Nevertheless, the contracts for these areas have not yet been finalized, and private sector sources believe that the first contracts will be the decisive ones. They will determine how oil companies, whether based here or abroad, will respond to subsequent calls for bids.

The contract that has progressed furthest is the Esso one, but that oil company has submitted 64 observations regarding the model contract approved by the executive branch when it issued the Houston Plan.

For this reason, in business circles it is predicted that there will not be many changes in the second round of bidding which ends next 31 July, unless more progress is made in the contractual phase of the first round.

Private firms object to the fact that the Secretariat of Energy decides whether deposits will be declared commercial, to the YPF's right to be a partner in the venture, and to the price of gas (given the high gas content of the deposits. There are also innumerable other objections, basically because it is felt that a model contract cannot be imposed when each area has its own characteristics.

Persistent Deficit

Despite the considerable rise in the price of fuels, YPF continues to suffer a severe deficit. In the first 4 months of this year, the prices charged by YPF, after taxes, were 16.8 percent higher in real terms than they were during the same period of last year. As of the second half of 1985, when the Austral Plan went into effect, the price earned by YPF improved by 15 percent. This situation has remained almost unchanged ever since. Nonetheless, last year YPF closed out the year with a loss of about \$500 million, and the National Treasury had to kick in about \$300 million. The total indebtedness was in excess of \$6 billion, according to previous estimates, and \$4.9 billion of that debt was owed abroad. The financial burden of these

liabilities was more than \$400 million, and the company could not even begin to pay that debt service on its own because it was also estimated to have suffered an operational loss of some \$100 million.

Government Oil Deposits
1960 = 100

Price Paid by Customers

1986				Average for First 4 Months		
Jan	Feb	Mar	Apr	1985	1986	% Difference
179.4	178.6	176.3	181.8	161.9	179.0	10.6

Price Earned by Company

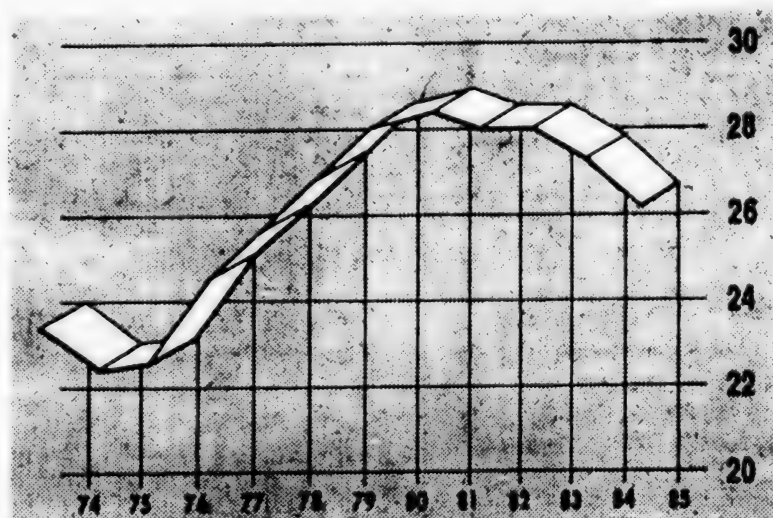
131.8	131.2	129.5	131.2	112.1	130.9	16.8
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Oil Production in M³
(x 1,000)

1974	24,023
1975	22,968
1976	23,148
1977	25,048
1978	26,255
1979	27,435
1980	28,567
1981	28,883
1982	28,452
1983	28,474
1984	27,855
1985	26,693

Source: CLARIN, based on data from Secretariat of Energy

Oil Production in M³
(x 1,000,000)



Source: CLARIN, based on data from Secretariat of Energy

Otero: Balanced Budget This Year

Buenos Aires CLARIN in Spanish 6 Jul 86 pp 12-13

[Interview with YPF President Rodolfo Otero; author, date, time and place not given]

[Text] "In this second round of bidding we expect more favorable results, since the areas in question are of greater interest geologically, and the firms have shown more interest in the technical specifications," said YPF President Rodolfo Otero in response to questions from CLARIN.

[Question] What is YPF's assessment of the first round of bidding for exploration and drilling in petroleum deposits?

[Answer] As we have said on several occasions, we were not exactly flooded with bids. But we have managed to interest various companies in ten of the areas up for bidding. Some of these firms are prestigious international corporations, and others are national companies with broad experience in this sector. Therefore, we believe that when viewed as the beginning of an operation that is of great importance in solving Argentina's fundamental problem--expanding its petroleum reserves--the results can be considered satisfactory.

This is so because it should be viewed as a process that must continue and develop over time. Throughout these stages, we will gradually move toward our objective.

We can say, then, that the results have been favorable. We did not expect many bids, because as I said the program is just beginning. We are just about to sign the first contract. That will shed more light on this exploration and drilling program. Many international firms that may have reservations now will be able to obtain extensive information about the operations when they see the first contract.

[Question] Do you expect more favorable results from the second round of bidding?

[Answer] In the second round we expect more favorable results. We believe that the areas are of greater interest geologically, and it has also been noted that companies are more interested in studying the technical specifications. This leads us to believe that we will receive good bids, despite the adverse circumstances of the decline in international prices.

[Question] As for the model contract, do you foresee any major modifications?

[Answer] We are revising some details to adapt to changing circumstances on the market. For example, with regard to the reference price for oil, which is used to determine the value of the hydrocarbons that are drilled, we have arrived at more flexible formulas that enable us to incorporate any changes that may occur in the future.

[Question] What changes are expected in the development of the reserves you mentioned, production, and oil exports?

[Answer] This past year we have seen our reserves expand, albeit at a lesser rate than consumption in 1985, but more than in previous years. Reserves grew by more than 20 million m³ in 1985.

As for the contribution that exploration and drilling contracts can make, naturally we expect that to be positive. The exploration and drilling program calls for carrying out seismic lines and drilling exploratory wells, which are basic elements in expanding reserves.

[Question] Do you believe that there is a risk that oil production will not be enough to meet domestic demand if the economy recovers rapidly?

[Answer] That risk does not exist for 1986 and 1987. In the YPF plan of action for this year, we project production of 24.7 million m³. Consumption this year will total about 23.5 million m³. We actually expect to exceed the 24.7 million goal, because so far production has been greater than expected. If this trend continues until the end of the year, we will obtain 500,000 m³ more. Then we will have a total of 25.2 million m³. In other words, we will have a surplus that can be exported. To date we have exported 500,000 tons of petroleum.

[Question] Is the fall in international prices hindering exports to a certain extent?

[Answer] Yes. Exports are losing us money. It should be noted that losses are also linked to the levying of export taxes, which currently amount to 40.8 percent.

[Question] What is YPF's economic and financial situation in 1986?

[Answer] We are going to have a balanced budget this year. Budgetary controls are implemented month by month, and so far the established guidelines have been followed. We are aiming at three fundamental objectives: a) paying taxes or deposits in special funds, b) paying suppliers, and c) paying royalties to the producing provinces. I reiterate that our objective of attaining a balanced budget is being achieved, and I believe that YPF's economic and financial situation changed drastically with the recent measures taken by the national government. The company has been brought back to health.

[Question] There is talk that some of YPF's creditors were not happy at receiving bonds in payment of the debt owed them. Is there any truth to that?

[Answer] We have a fundamental difference of opinion with the drilling contractors in the 17 contracts that are currently in effect, and we must resolve that difference. There is the problem of price controls, that of refinancing, and another problem, all of which have prevented any agreement so far. The basic objective is the refinancing of the debt, which is not easy for a variety of reasons, including the number of creditors involved.

[Question] What is the ratio between YPF's debt and its assets at this time?

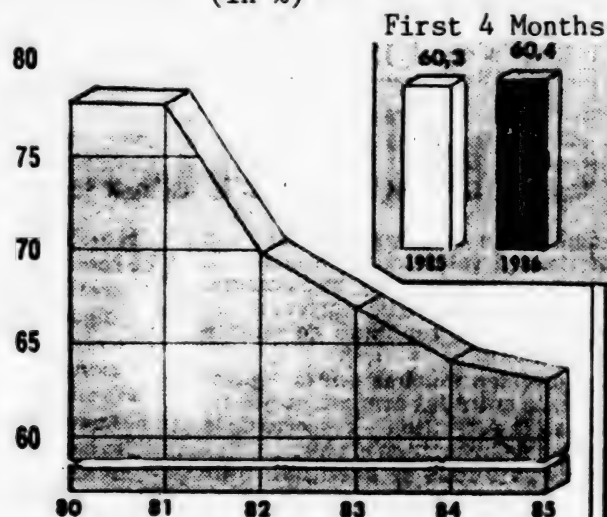
[Answer] It can be said that through two measures taken by the national government, the assumption of the foreign debt and of the domestic liabilities as of 31 January 1986, YPF has managed to regain its financial health. In fact, the 1985 balance, not counting the foreign debt or the domestic liabilities absorbed by the government, revealed assets of 7.396 billion australes and a debt of 1.792 billion australes. The foreign debt can be estimated at about \$4 billion, and the domestic commercial and financial liabilities assumed by the national government under the capitalization law amount to approximately \$1 billion.

[Question] There is a lot of talk in Argentina about the efficiency of public enterprises. In your opinion, what changes should YPF make to improve its efficiency?

[Answer] In the first place, I would like to point out that it is impossible to demand efficiency without providing the necessary means. For example, if YPF's rates are insufficient, and if, on the other hand, the company is forced to pay a foreign debt that is out of line with YPF's real earnings, no one can expect efficiency under such circumstances. The present government, however, has taken important steps in this regard. The first factor was the bail-out. The second was the rationalization of all operations, which is happening now. And the third, in order of importance, is strict management and budgetary controls, which are also being carried out now. Through these measures, we feel that we can attain efficiency. It should be noted that although we have not come very far yet, we have obtained some significant results. We were able to achieve major reductions in the contracts, both for carrying out projects and for supplies. It should also be pointed out that whereas we used to get only two or three bids when contracts were let, now we get five or six. This gives the company a different image, and it is one of the factors that will improve efficiency.

Moreover, YPF's administrative structure is under study so that efficiency can be measured better and the activities undertaken by each division can be monitored better. One sector of operations includes exploration and drilling; another is in charge of processing, marketing and transportation; and a third oversees the fleet. Each of these sectors can better measure its own relative efficiency if it carries out independent accounting operations. A committee is studying these matters, and will propose the relevant modifications.

Utilization of Installed Capacity in Distilleries (in %)



Source: CLARIN, based on data from Secretariat of Energy

Vicente on Solutions

Buenos Aires CLARIN in Spanish 6 Jul 86 p 14

[Interview with Oscar A. Vicente, president of the Chamber of Argentine Oil Companies; author, date, time and place not given]

[Text] "Just to maintain current production levels, in 1987 1,200 new productive wells must be drilled, which entails drilling an unprecedented 1,400 wells this year, without counting exploratory wells," contended Oscar A. Vicente, president of the Chamber of Argentine Oil Companies. Here is the text of his conversation with CLARIN:

[Question] What is the current situation of the private oil sector?

[Answer] The situation of the private oil industry in Argentina is very complicated, especially with regard to the tasks involved in support for drilling. In this regard, out of a total of 62 drilling rigs, only 5 are operating (4 in areas operated by contractors and 1 in those under YPF control). It is estimated that this July activity on contracts with YPF will grind to a complete halt. Of course, this paralyzation has led to a considerable shrinkage of the workforce in areas where oil is the principal factor in the economy.

[Question] Are the YPF crews affected by this stoppage as well?

[Answer] No, the state enterprise maintains full employment among its own drilling crews, and has had to resort to an executive decree authorizing it to employ laborers to operate its equipment, making an exception to the hiring freeze.

[Question] How has activity been affected by the conflict between YPF authorities and the Secretariat of Finance over the price control issue?

[Answer] At present the conflict is not between YPF and the Secretariat of Finance; it is being analyzed at the Secretariat of Energy. It is a matter of the improper application of price control measures in the 17 drilling contracts that have recently been renegotiated with this government. The originally agreed-upon prices have been reduced, because the new clauses of the contracts took into account the effects of lower inflation. Moreover, the prices per cubic meter of oil delivered did not have any allowance for the rate of inflation--by express agreement--because the real value at the moment of payment was what counted. This factor, which was already unfair because a general rule was applied to 17 contracts that each had unique characteristics, was aggravated further by the long terms of these contracts. In fact, the reduction of prices by nearly 30 percent due to price controls affects contract earnings for almost 15 years.

In addition to these circumstances, there are other problems. For example, there is the delay in the payment of final adjustments or the failure to pay them altogether, and there is the failure to acknowledge a number of disagreements that have arisen. More importantly, there is the refinancing of YPF's debts as of 31 January, decreed by the Secretariat of Finance. The plan is to pay off these debts over a 1-year term with bonds that bear an interest rate which does not reflect the real cost of money.

All of this has led to a very critical situation among the private firms, because a loss of income from work done previously has been combined with a sharp reduction in billing when YPF ceased activity. In turn, this liquidity crunch has forced those companies with drilling contracts to cut back drastically on the investments they should make in their areas, which have been restricted in some cases to the amounts and terms stipulated in the contract. This rules out the possibility of developing further or undertaking new projects.

[Question] We understand that some major national and foreign corporations have accepted the YPF debt-refinancing bond. What is your view of the situation?

[Answer] Indeed, some companies did agree to this refinancing, but not according to the terms of Decree No. 407/86 which created the bond. Rather, they adhered to the same terms that were agreed upon to refinance the previously contracted debt, which was approved before Dr Alfonsín went to the United States. As for the remaining companies, it is natural for them to accept the bond as a necessary measure to protect their position in the market, but it is symptomatic that so far only about 30 percent of the expected amount has been accepted in bonds.

[Question] How close is a solution to these problems?

[Answer] We should point out the 'climate of cordiality and understanding' of our problems that we have observed in all the talks we have held in this regard, especially on the part of the officials of the Secretariat of Energy.

Unfortunately, we have not yet achieved any satisfactory results, although I do believe we have managed to bring our respective positions closer. There is a great willingness to negotiate.

[Question] What will be the results of the Houston Plan?

[Answer] In general, we must recognize that the Houston Plan is one of the greatest achievements of the national government, not only because of the magnitude of the call for bidding, but also because old methods that only led to delays, inefficiency, and incalculable losses have finally been eliminated.

Although the response to the first call for bidding was not very large in terms of the number of bids and the volume of proposed investments, it should be noted that better results could not have been expected, given the following circumstances:

- a) There are still many doubts —primarily among companies that do not operate in Argentina--about the security of investing in this country.
- b) These doubts become exaggerated in the face of very serious problems such as ceasing payments, imposing forced savings, increasing tax pressure, etc.
- c) The areas up for bidding are very high risk, and all areas that might have generated more interest have already been divvied up.
- d) The fall in international prices and the uncertainty regarding the level at which they may stabilize have led to an indisputable retraction which has been aggravated by the low productivity of the country's deposits and the small volume of recoverable reserves that have been found to date.
- e) The model contract has some restrictions and impositions that do not make it attractive compared to those of other countries in the world.

[Question] Do you believe that in the next round of bidding national and foreign oil companies will respond more satisfactorily?

[Answer] Of the aforementioned problems in the response to the first call for bidding, most still exist. It is well known, furthermore, that not a single contract has been signed yet with the selected companies, because of differences that have arisen over that document.

Moreover, the problems stemming from the refinancing of the YPF debt, the lack of activity, and price controls have been added to this situation, depriving the companies involved of their investment capacity and creating more uncertainty among foreign investors.

It is very encouraging that the Secretariat of Energy is interested in hearing the opinions of various sectors regarding the model contract approved under Decree No 1443/85, because we are certain that the program's success or failure depends on the response to this second call for bidding.

[Question] Why do you think oil production has dropped in the private sector so far this year?

[Answer] In the first 5 months of this year, YPF's oil production fell by 4.38 percent since December 1985. The decline amounted to 2.05 percent in the areas under contract, and 5.39 percent in the oilfields worked by administration. Although the concessions are of lesser relative importance, their production also fell by 14.39 percent, which yields a total decline of 4.64 percent for the country as a whole.

There has already been extensive commentary on the reasons for the slump in production in the areas where YPF has let private contracts. These reasons are related to economic-financial problems, or arise out of contract disputes.

In terms of the areas operated by administration, the fall in production is rooted in a marked reduction of the new-well drilling program, which is attributable to severe budgetary restrictions. These restrictions limited drilling by contract, so the contractors tried to make up for the shortfall in earnings by cutting back on productive investment. This solution, which responds to strictly economic considerations, does not pay any attention to the country's eventual recovery or to the tremendous inertia that would have to be overcome to reverse the current downward trend. A rather optimistic estimate indicates that just to maintain current levels of production, in 1987 1,200 new productive wells would have to be drilled, which means drilling an unprecedented 1,400 wells this year, not counting exploratory wells.

[Question] How do you reconcile the decline in international prices due to the oil glut with the proposal to expand drilling locally and to allocate private capital to new areas while extending those currently under contract?

[Answer] Argentina at present is self-sufficient as a consequence of a recession which appears to be reversing. If it does reverse, there is no possibility of reacting immediately to cover the increased demand, and we will then have to resort to imports. This is already happening in the case of liquefied gas, in a country with tremendous gas reserves that is burning off more than 8 million m³ of gas every day.

The reactivation plan we propose, in which we are willing to participate actively, will ease industrial requirements and avoid the "burning" of foreign exchange, generating activity in the country/ not only for the drilling and services industries, but also for a wide range of manufacturing sectors and benefits which will be favored by the tremendous multiplier effect of petroleum investment.

Schraven: Investments Halted

Buenos Aires CLARIN in Spanish 6 Jul 86 p 15

[Interview with Jacques Schraven, president of the Chamber of the Petroleum Industry; author, date, time and place not given]

[Text] During an interview with CLARIN, the president of the Chamber of the Petroleum Industry, Jacques Schraven, asserted that "the private sector, with rare exceptions, has been forced to halt all investments in exploration and production contracts."

[Question] What is the status of the conflict between the companies and YPF over the application of price controls to their payments?

[Answer] The YPF contractors have been arguing since June 1985 that the state enterprise and the Secretariat of Energy are unduly restricting their earnings by improperly applying price controls to production contracts when these contracts already contained provisions to curb price increases. At present, the companies are negotiating with the Secretariat of Energy, and it is hoped that an agreement will be reached soon.

[Question] What is the position on the imposition of forced savings with respect to the Secretariat of Finance?

[Answer] The position on forced savings that has been assumed by some government offices has negative consequences: a) in the short and medium terms, it diverts funds which the contracting firms had planned to invest in producing more crude oil for YPF; and b) in the long term, it introduces a factor of uncertainty in the new exploration contracts (Houston Plan), which militates against success.

[Question] What is the outlook for the second call for bidding to be issued by YPF for exploration projects?

[Answer] I understand that so far YPF has sold just as many copies of the specifications as it did in the first round of bidding. However, only half as many technical documents have been sold as the first time. If this is an indication of the real number of bids that will be received, it is difficult to say, but it appears that there will not be very many new investors. The reasons could be: a) a wait-and-see attitude until the first contracts are signed (I understand that the first one will be with Esso for three offshore areas, and it is very important that it be signed well in advance of the cutoff date for the second round of bidding); b) many international companies have cut their investment budgets by 25 percent or more. Consequently, there is more competition among countries that want to promote investments in exploration, such as Canada, Ethiopia, Thailand, Tunisia and Morocco. Recently they have improved the terms, including lower royalties and taxes. YPF's terms, although they may have been reasonable enough to attract investors in the first round of bidding, have become less competitive.

[Question] What is the status of the contracts that are to be signed from the first round? Are the terms being negotiated?

[Answer] As I said before, YPF appears to be negotiating with Esso. I have not heard of any other negotiations, but I may be wrong.

[Question] Are the marketing firms getting a big enough cut to meet their investment needs? Are they profitable?

[Answer] The cuts are still insufficient, and the oil industry believes that the margins should be restructured immediately because they are gradually moving toward the levels indicated in the studies undertaken by the Argentine Petroleum Institute in 1985. The rate should be increased immediately to 0.70 australes per liter. We explained this situation to President Alfonsin and the relevant officials. We hope that a quick solution will be forthcoming, and that it will stimulate companies to resume investments in the refinancing and marketing sector. It should also boost confidence for investments in other sectors (such as exporting). If we want to attract new investment, we must provide proper treatment to the capital that has already been invested.

[Question] What is the Chamber's position on exports of petroleum derivatives?

[Answer] The export tariffs on oil products are absurd. At present, many products cannot be sold on the international market even with a 0 percent tariff. In practice, fuels are subject to a 40-percent tax, and lubricants and special products, 33 percent. It is absolutely imperative that those products which can still be marketed internationally be subject to tariffs that will stimulate exports so that we can compete with other exporting countries. A reduction of tariffs is also necessary to enable refiners to balance their inventories and eliminate surpluses (fuel oil, etc.) of items for which there is insufficient local demand throughout much of the year.

[Question] Do you feel it is appropriate for YPF to float bonds to pay its debt to the private companies?

[Answer] We believe it is essential that YPF pay its contractors within the term and in the manner specified in the contracts, in order to maintain investment and production of crude oil. The bonds are a palliative for YPF's failure to pay, and some companies have had to put up with this. But they discourage investment and/or make it more expensive than necessary. This always happens when a debtor defaults; he may patch up the problem in the short term, but he will suffer the consequences of his failure to comply. If YPF can find no other way to pay its debt, then it should be realistic and apply the market rates for the financing it needs.

[Question] It is common knowledge that the private sector has exploration and production equipment sitting idle. What is the solution?

[Answer] With regard to the drilling equipment, it is idle because YPF stopped leasing it to drill in its areas. The private sector, for its part, with rare exceptions has been forced to halt its investments in exploration

and production contracts. The solution is for YPF to take quick action to comply with these contracts so that the contractors can bring work activity up to normal levels and even higher. This would spur demand for equipment and bring us out of the current slump.

[Question] The Chamber recently negotiated with YPF to explore and drill in low-risk areas which the state enterprise had been reserving. What are the possibilities?

[Answer] We negotiated? It should be clarified that the expression "low risk" is deceptive : Oil production runs a certain risk that is greater in exploration and lesser in development, but in all cases it is substantial. In an area that has been exploited for several decades, the proportion of dry wells can easily be 20 percent, and there is no way of predicting what production will be in the working wells. However, I understand that successive budget cuts have forced YPF to postpone investments in areas that are less attractive for exploration and production. These are the areas where activity may lead to the reactivation of the industry in the shorter term.

[Question] Are the private companies negotiating with the World Bank to obtain credit to finance exploration efforts under future contracts?

[Answer] We have learned that YPF is negotiating with the World Bank for loans to finance drilling in the areas it is already exploiting. If these negotiations are successful, some of the drilling equipment now idle may be put back to work, as we said previously.

8926

CSO: 3348/697

COLOMBIA

FINANCE MINISTER REPORTS ON IMF SUPPORT FOR ECONOMIC POLICY

Bogota EL TIEMPO in Spanish 26 May 86 p 5-B

[Excerpts] The IMF has indicated to the Colombian Government its support for Colombia's economic policy for the current year, which predicts a GDP growth of 4.5 percent, a 22-percent increase in the inflation rate and a 28-percent increase in the growth of the money supply.

In this regard, the Ministry of Finance has submitted the following report on the IMF's position concerning the country's economic management and the forecasts for 1986:

The IMF's governing body has accorded a favorable reception to Colombia's economic program for 1986. The decision was relayed to Finance Minister Hugo Palacios Mejia by Alex Kafka, the representative of Colombia and other countries on the board of the IMF.

Kafka confirmed that the IMF will continue issuing the certificates of attainment of Colombia's program goals, which Colombia requested this year and in 1985. Palacios Mejia added that he therefore expects that in the next few days the IMF will certify that the Government has met its goals for the first quarter of 1986.

Palacios Mejias termed this success gratifying, saying that it corroborates the recognition the international experts accord to the progress of the Colombian economy.

The Program

Faced with an upturn in the economy in early 1986 stemming from increased coffee revenues, the Government's economic team worked out a program that took into account the austerity program developed in prior years, but that also had to include economic policy decisions of major consequence for the managing of the coffee bonanza and for controlling the changes it is producing in key variables of the economy.

This economic plan was approved by CONPES in the document "Growth With Stability" and then submitted to the IMF. In it are contained the guidelines of the "Sowing Our Bonanza" program worked out by Palacio Mejia at the start

of the year. It took final shape in the Coffee Agreement of 21 January of this year, the fundamental objective of which is to take advantage of the revenue windfall the country will receive, owing to the rise in prices of our principal export product, by providing investment capital and stimulating the economy, but neutralizing the monetary effects of the phenomenon.

IMF acceptance of our new strategy attests to the quality of this economic policy and of its implementation, and thus provides a guarantee, for institutions and foreign investors, of Colombia's economic development potential.

Aspects of the Program

According to the documents prepared by the Government, the "Growth With Stability" program will enable the country to attain a GDP growth rate of over 4.5 percent in 1986. This will be accomplished through the implementation of a set of coherent policies based on the following principles:

- Maintaining and strengthening of the country's currency exchange position and the selective and gradual opening of the economy;

- Fostering of the conditions needed to stimulate productive investment and employment;

- Stabilization of prices;

- Opening up of new growth opportunities for the agricultural sector;

- Improvement of conditions in the financial system.

For the practical application of these principles, the Government has laid down a number of policies that can be summarized as follows:

- Maintenance of a stabilizing exchange rate;

- Use of certain mechanisms to stimulate exports;

- A selective and gradual easing of import restrictions;

- Avoidance of excessive expansion of the money supply, limiting its annual growth to a maximum of 28 percent over that of the previous year, and employing for this purpose the mechanisms described in the "Sowing Our Bonanza" program, as for example, the coffee agreement, curbs on the expansion of domestic borrowing through the credit markets, and intervention involving open-market operations;

- Curbing of the growth of public spending;

- Improving of the financial sector's situation, particularly its capital structure.

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CSO: 3348/633

COLOMBIA

RETIRED MILITARY ISSUE STATEMENT IN SUPPORT OF BARCO

Bogota EL TIEMPO in Spanish 22 May 86 pp 1-A, 8-A

[Text] A sizable group of the retired military, headed by various generals, issued a statement yesterday expressing support for the ideas, programs and solutions put forward by Virgilio Barco, the Liberal candidate, "because we are convinced of the effectiveness and integrity of his proposals."

Also joining the ranks of Barco supporters yesterday were a significant number of leaders of the New Liberalism and a select group of intellectuals headed by German Arciniegas.

And still another very significant addition to the list of Barco supporters was that of Luis Emilio Sardi Garces, the well-known Conservative leader and businessman from Valle del Cauca, and former president of Ecopetrol, who expressed his intention to vote for Virgilio Barco.

The text of the military's statement is as follows:

"We the concerned undersigned military, who for so many years served Colombia and are presently retired, do hereby, as free citizens and proven servants of our homeland, express our support for the ideas, programs and solutions that Dr Virgilio Barco has proposed during his campaign for the presidency of the Republic, because we are convinced of the effectiveness and integrity of his proposals.

"Constitutional precepts wisely forbid all political participation by members of the Armed Forces on active duty. Upon our return to civilian life, we clearly cannot and must not remain indifferent to the problems affecting our society. We therefore have a civic obligation to take an active part in the election of those who, in our democracy, must manage the nation's interests. This is the reason for our presence here as a large group of the retired military, who are friends and supporters of his candidacy, and who desire for Colombia the great change that will be brought about by assured progress and an open future.

"We take this opportunity to pay homage to our comrades-in-arms on active duty who are today, with singular bravery and in the face of almost insurmountable difficulties, carrying out this sacred mission which yesterday was ours to fulfill with honor and equal enthusiasm.

"The indisputable need for social change and the urgent need to adapt it to the daily demand of the Colombian people for equality, liberty, order and tranquility move us to rally around Virgilio Barco, because we perceive in him the enlightened citizen of sterling conduct, the engineer and the economist who, during more than 40 years of public life, has served with distinction the Ministries of Communications, Public Works, and Agriculture, and the Mayoralty of Bogota. Dr Barco knows well the problems that beset us and the way to eradicate violence or reduce the statistics to manageable proportions through appropriate use of our institutional mechanisms as propounded by him in his introduction to the seminar on 'National Reconciliation Processes in Latin America' in December of 1985. In that speech, he proposed to act using acceptable formulas of reconciliation or integration 'as a basis for a national understanding that guarantees coexistence.'

"We cannot continue along the path of armed confrontation. Dr Barco is being called upon to find a political solution to the social conflict and to 'press the democratic battle, with ideas, programs and accomplishments with which the parties can identify, to end injustice and inequalities.'

"The terrorists continue to engage in cocaine and drug trafficking and continue corrupting the infrastructure of the Colombian state. The time has come to jolt the mores of Colombian society towards an enlightenment of all the good sons of our motherland with a thorough understanding of the need, urgent today as never before, to serve Colombia honestly and competently.

"We the retired military belong to the highest school of patriotism and unselfishness. No one doubts any longer the prestige of our military institution, and we are an example before the world of the meaning of loyalty to our institutions, respect for human rights and protection of the Colombian citizen's individual honor and possessions. Therefore, it is time now to heed our call for peace, for a dignified integration of our national sovereignty, for an end to the daily raids on our public treasury, on the moralizing of justice and the eradication of insecurity and absolute poverty, and for the transformation of the country into a vast school that will educate our children and guarantee them the necessary health to enable them, in the future, to become useful citizens of our beloved Colombia.

"There must be no further vacillation in regard to our territorial limits. Let us end our border disputes with Venezuela and assert our full rights vis-a-vis Nicaragua; and let us quickly reach our goal of absolute peace in our international relations.

"In any case, 25 May will be a crucial date in our history. On that presidential election day, Virgilio Barco will win the right to control Colombia's destiny, supported by an enlightened and relevant vote, and by the will of certain political majorities who are resolved to strengthen the principles of our republican life.

"We add to our foregoing manifesto our total and sincere rejection of the form and content of the televised program of 19 May during which personal and political ethics were violated when Dr Barco's high standing as an irreproachable citizen was impugned. Fortunately, he will be elected president of Colombia on 25 May as the definitive answer to the nation's yearning for peace and progress and to the futile efforts of his detractors.

Signatures:

Steering Committee: General Efrain Vallejo, president; General Armando Latorre Gomez, vice president; Captain Argemiro Cardona Restrepo, coordinator.

Members: Colonel Hernando Herrera Galindo, Colonel Carlos Ceron Astorquiza; Major Ernesto Duenas Cepero, Colonel Guillermo Carrizosa Maldonado, Captain Sixto E. Fonseca Rondon, Lieutenant Gustavo Medina Diaz, Lieutenant Felix Hernandez Perez, Sergeant Liborio Bermudez, Sergeant Marcial Fernandez Calvo, Sergeant Toribio Corrales.

Admiral Hector Calderon; Generals: Alberto Ruiz Novoa, Alfredo Angel Tamayo, Raul Martinez Espinosa, Romualdo Fajardo Alvarez, Alfredo Mansilla Chaustre, Hernando Mora Anguira, Hernan Medina Mendoza, Marco A. Arambula Duran, Jaime Suarez Suarez, Guillermo Rodriguez Lievano, Edmundo Rubiano Groot, Jose Maria Rivas Forero, Alberto Paredes Diago.

Vice Admiral Benjamin Alzate Reyes; Colonels: Ivan Rodriguez Munoz, Jose Manuel Villalobos, Eliazar Muriel Correa, Francisco Gomez Laverde, Sergio Cardenas Roa, Daniel Garzon Charry, Petronio Castilla Novoa, Luis Amado Zarate, Alvaro Calderon, Virgilio Aragon Vivas, Cesar A. Cuellar Velandia, Arturo Gallego Londono, Emiro Correa Hoyos, Pedro A. Rojas Rodriguez, Luis Castaneda Neira, Hector Cediell Rodriguez, Luis Fabio Aguerre Alvarez, Jose Rafael Garcia Rodriguez, Cesar Hernando Monroy Parra, Enrique Millan Perdomo, Ricaurte Padilla Perez, Benjamin Medina Angarita, Anibal Maldonado Perez, Efrain Bernal Angel, Daniel Barbosa; Majors: Rafael Convers Pinzon, Luis A. Villamil Perez, Jorge E. Cuervo Pozos, Hernan Ezcobedo Bermudez, Arturo Ramirez Porras, Alvaro Roldan Salcedo, Alberto Perez Plata, Alberto Sanabria Valencia, Octavio Echeverri, Alfonso Sarabia Nieto, Guillermo Latorre, Hernando Melani R.; Captains: Hernando Acevedo Lopez, Carlos Babativa Rodriguez, Guillermo Cepero Samper, Jorge Buenos Barrios, Antonio Vidales Johns, Gustavo Cifuentes, Helmer Luengas Melo, Otto A. Prieto Castro, Manuel Torres Vargas, Hernando Escobar, Luis Francisco Omana Caceres, Alberto Mendoza Isaza, Luis Alberto Medina D., Jose Joaquin Aguirre Alvarez, Julio Ernesto Florez F., Fr. Eduardo H. Baquero Castaneda; Lieutenants: Nelson Amorocho Pedraza, Carlos D. Hernandez Perez, Marino Ocampo Rodas, Felix Hernandez Perez, Eberto Fernandez, Pedro Calderon, Rs. Gustavo Medina Diaz,; Warrant Officers: Marcial Fernandez Calvo, Liborio Bermudez, Carlos Rodriguez, Justo T. Fonseca, Humberto Sanchez Cristo, Gratiniano Orjuela, Victor Morales Chaparro, Alfonso Bernal Roncancio, Marco A. Larce Vidal, Wilfrido Riquet, Jairo Sierra, Moises Castellanos, Moises Mondragon,

Juan Bocanegra, Lucio Gerardo Bello, Ricardo Ravely Vasquez, Otoniel Sanabria, Guillermo Puentes Madu, Gustavo Sandoval, Jacobo Bermudez Clavijo, Jaime Bermudez Sarmiento, Luis Alberto Sarmiento, Alvaro Bermudez Rodriguez, Domingo Velosa, Anibal Bermudez Rodriguez, Jairo Vanegas, Rafael Aguirre Mejia, Miguel Bermudez Rodriguez, Jaime Sarmiento, Jesus Rivera, Silvino Walle, Henry Rivera, Artemo Orrego, Roberto Guevara, Luis A. Perez S., Julio Ramon Ortiz Luque, Evangelista Murcia, Luis A. Tocarruncio M., Nelisario Loboguerrero, Rafael Cardozo; Jesus Maria Mora Nino.

More signatures follow.

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COLOMBIA

CONSERVATIVES' RESPONSE TO OVERWHELMING BARCO VICTORY VIEWED

Bogota EL TIEMPO in Spanish 27 May 86 pp 3-A, 11-A

[Article by Roberto Pombo, editor of EL TIEMPO]

[Text] One of the most significant consequences of last Sunday's election results is that the Conservative Party is seriously considering positioning itself in full as the opposition party. It is already engaged in political talks aimed at bringing about this new situation.

The tremendous difference in votes between the two parties--a difference of over 1.5 million--has logically been interpreted as popular backing for Virgilio Barco's thesis of "government by platform"; and that platform evolved from within the very core of the Liberal Party.

In the view of various Conservative sectors, the popular acceptance of the thesis of "government by party" versus that of "government by national participation" necessitates a shift of the Conservative Party's community at large towards true opposition. The leader of the Conservative Party, Misael Pastrana Borrero, has been advocating for some time now the dismantling of the Article 120 paragraph so as to return to the system of a government party and an opposition party. To accomplish this, he suggests a number of agreements between Conservatives and Liberals that would enable the enactment of a law of the opposition, and that would place the party not in power in control of investigative bodies such as the Attorney General's Office.

This proposal also seeks to resolve the problem of a career civil service that would immunize civil servants against the impermanencies ensuing from changes in government.

Start of Proposals

The elections took place against this backdrop. The Liberals won overwhelmingly, and, in the Conservative ranks, the issue has resurfaced.

Yesterday, Rodrigo Marin Bernal, the senator from Caldas, told EL TIEMPO that it is now up to Virgilio Barco to make good on his campaign promise and "form a Liberal Government; that is, a party Government." He added that "We are

heading towards a party-government system, which obviously places the Conservatives in the opposition. The people voted overwhelmingly in that direction. Since the proposals for a government by national participation were defeated, the Conservatives, who supported and defended those proposals, must now take on the loyal and democratic function of criticizing, monitoring and watchdogging."

Jaime Arias Ramirez, for his part, said in this regard that "In view of this vote and of the platform put forth by Dr Barco, proposing a Liberal Government, a point has been reached that could lead us to truly having a government-by-party system. I have no problem with that. We Conservatives have long maintained that Article 120 must be amended so that a true democracy can exist in which some win and some lose."

Political Talks

EL TIEMPO has learned reliably that former President Pastrana Borrero is initiating a round of political talks that could materialize as agreements to remove Article 120 from the Constitution, on the basis of the above-mentioned guaranties.

Were it to be officially put forth now by the Conservatives, this new proposal for deletion of Article 120 would have the originality of having been made by the party that not only lost the elections but overwhelmingly so. This would make its acceptance and enactment much more probable.

Not everyone among the Conservatives has the same viewpoint. Yesterday, speaking in Manizales, Fernando Londono y Londono told CARACOL, "I don't agree with that view; I believe Article 120 is compatible with the opposition-party concept," adding that the problem is that this article has not been put to proper use and has been turned into a flawed extension of the National Front.

Other Reactions

Sunday's election results have produced other reactions within the Conservative ranks, like the criticism voiced in the sector led by Gustavo Rodriguez Vargas, whose view is that the defeat was the result of personalistic management of the election campaign. Rodriguez Vargas asserted that "Today, as a Conservative, I regret to say that we, one and all, are about to enter one of our most critical phases--a worse phase, I would say, than the one for which Dr Ospina fought; namely, that of the counterbalancing of each other by the two parties."

No other Conservative leader has ventured to give reasons for the party's loss of the elections by such a wide margin. Many people who were interviewed concurred in the view that what will happen to the national community at large in the future will depend in large measure on the attitude that President-elect Virgilio Barco will adopt towards the Conservatives.

Fernando Londono y Londono said that "To a certain extent unfairly, the Liberals waged an excessively biased campaign against Dr Gomez, which could have provided the stimulus for the outcome that some consider to be distorted."

Felio Andrade Manrique, in turn, said, "Of course one feels frustrated, but Colombia undoubtedly lost more than just Alvaro Gomez's friends. We hope, for the good of our country, that Dr Barco will handle its problems with a level head and an even temper."

On the other hand, Mrs Bertha Hernandez de Ospina, interviewed by CARACOL, said: "I could almost have predicted the election results because I believe our campaign was poorly run," adding that the centering of a sizable part of the Conservatives' effort to win over Liberal votes on criticism of Virgilio Barco may have been an important factor in their defeat.

In conclusion, she said that the outlook for the Conservatives depends in large measure on the Government that Barco will form, "for when faced with bad government, the people line up with the good candidate."

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COSTA RICA

DISCORD BETWEEN CARRALES BOLANOS, PLN NOTED

San Jose RUMBO CENTROAMERICANO in Spanish 20-26 Jun 86 p 6

[Article by Ricardo Lizano]

[Text] "Is it true that you submitted your resignation to the heads of the National Liberation Party [PLN] faction?"

"Pardon, Mr Reporter, I didn't understand your question," retorted Jose Miguel Carrales Bolanos, obviously shocked; while other reporters listened attentively to his every word. When the question was repeated, the Liberation Party deputy replied, confirming that, on 1 May, he had actually submitted his resignation to that entity, at the behest of his party comrades.

The incident occurred recently in the press box of the Legislative Assembly, when Corrales Bolanos was making one of his usual statements to reporters, whereby he reports on the topics discussed at the Liberation group's weekly meeting.

In this way, there came to light a situation that has been occurring within the National Liberation Party's congressional faction since 1 May, the day on which it reached its highest level: involving the dissociation which occurred between Corrales Bolanos and some of his comrades who felt uncomfortable with some of his actions.

The friction has not yet led to any outright confrontation and, except in public, the Liberation "orchestra director" has received the backing of the other members. However, this has not caused the disappearance of the reasons which prompted some disagreements that have become evident in concrete instances in the Legislative Assembly.

Speech

During the formal session on 1 May, when the current board of directors of the Congress was elected, Jose Miguel Corrales delivered a speech which was certainly not intended to please anyone. He practically told his opponents what their behavior should be, criticized actions of PLN, emphatically cited the need for combating corruption, and announced that he was willing to submit a bill to repeal the legislative decree allowing deputies to purchase a tax-exempt car.

These remarks were not totally pleasing to not only his opponents, but also several Liberation Party legislators who thought that their faction chief was, in some way, attempting to establish a dispute between himself and the rest of the team: something like, "I'm the good one, and they are the bad ones."

Aware of that situation, Corrales Bolanos confirmed to RUMBO that he therefore felt obliged to resign although "I made the speech personally." He emphasized: "I found that there was great annoyance among the comrade deputies, and for that reason I told them of my willingness to resign."

In another portion of his address, he recalled statements that he had made in the faction before they assumed office, which did not have a good impression on certain PLN legislators either. He cautioned that this party's deputies were committed to back all issues of an ideological nature (for which purpose he considered that the organization's fundamental charter should be taken as a basis) and the bills associated with the "campaign promise." He remarked: "Here, our only commitment is to God and the nation, and no one else."

Several legislators interpreted this claim as a warning from Corrales to the effect that he was unwilling to subject himself to the "party line," which is almost heresy in PLN.

Magistrate and Tuna

These disputes, still consistent with the internal conflict within that movement, have nevertheless had to become evident in certain situations. One of them was that aroused after the election of a magistrate of the Supreme Court of Justice, which debilitated Borrales Bolanos' image as a negotiator with the Social Christian Unity Party (PUSC).

The Social Christians had proposed that both parties study a list of names to select from it one that would have the backing of both movements. Nevertheless, the ones proposed by PUSC were not to the liking of the Liberationists, who finally decided to elect Mario Houed with their 29 votes. Prior to the time of the voting, Corrales submitted a motion to have the election halted, but he was not supported by some 15 Liberationist deputies.

The legislator explained to RUMBO that this was due to the lack of time to explain to his comrades the reasons for the motion. However, the fact is that many of them thought that he was yielding to pressure from PUSC and opted not to back him.

Another troubled situation occurred with the disputed tuna fishing agreement which Corrales opposed whereas, paradoxically, it became the major bone of contention in Congress for his faction. Other deputies who opposed the initiative decided to support him, adhering to the "party line," while Corrales was authorized to vote against it. When this occurred, at the Presidential House, during a meeting between legislators and the president of the republic, Oscar Arias, the latter addressed Leonel Villalobos, one of the opponents of the agreement who nevertheless was willing to back it, and said: "There is no problem with Leonel, because he is a party man."

Perhaps nothing illustrates what is currently happening between the head of the Liberation faction and the rest of its members better than this incident. This has been greatly influenced by the character of Corrales, a controversial politician who has frequently opposed his own party. Thus far, the situation has been tolerable, both for Corrales and for his comrades, who have backed him. However, there is no guarantee that the behavior on the one side or the other will always be the same in the future.

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COSTA RICA

JOHN BIEHL'S TIES WITH ARIAS ANALYZED

San Jose RUMBO CENTROAMERICANO in Spanish 11-17 Jul 86 pp 5-8

[Article by Ana Lupita Mora]

[Text] A Christian Democratic militant, he met Oscar Arias in England, forming a close friendship that would later open doors for him during his exile at the end of 1974. A United Nations official, he returned to Costa Rica in 1985 to cooperate in the election campaign, in the National Liberation Party [PNL] camp. His supreme aspiration is to return to his native Chile.

With a pleasant but arrogant manner, emphatic in his notions, although cool when asked about something that he does not wish to discuss, he thinks before answering, and upholds his arguments vehemently.

John Biehl, the controversial 46-year old-Chilean, who has evoked a series of rumors and speculation regarding his relations with President Oscar Arias, agreed to an interview with RUMBO, during which he spoke at length, for about 3 hours, with the reporters Marcela Angulo, Liliana Mora, and Ana Lupita Mora.

Enigmatic to many, claiming to be well-known in various circles, he commented extensively on different parts of his life, his political concerns, his studies, and his "deep friendship" with the chief executive.

He might have become a key political figure in his own country; nevertheless he considers himself part of the "lost generation" in Chile, because, since he devoted several years of his life to the study of social problems, he was not given leeway for activism, and when it became fitting for him, the Chilean reality was in the hands of a dictator.

An active member of the Christian Democratic movement in the southern nation, he was a great friend and companion of former President Eduardo Frei, as well as Radomiro Tomic, and Gabriel Valdes.

His political concerns began when he was a secondary school student, and became heightened during his years as a university student at the Law School. He was president of the latter, and director of the Student Federation, both positions wherein he represented Christian Democracy.

During the 1964 campaign, when Frei won the elections, he headed the university student command group in the contest. "When the party in which I was a militant came to power, I had the option of fully embarking on a political career, but I was in a group in which studying was very important, and I opted for the latter. The fact is that, at that time, I preferred an academic career, which was the one in which I had always been. I received offers to be a candidate for deputy in Valparaiso, in the 1965 elections, but my law course had ended and I intended to go abroad to study."

During that year, he went to the Netherlands, where he specialized in national development, and formed a close friendship with the economics professor and Nobel prize winner, Yegen Tinbergen. In that country, Biehl recalls, he met with the "first Costa Rican," Rolando Ramirez, who was studying the same subjects as he, and with whom he made a fine friendship.

Once his specialization in the Netherlands had ended, he decided not to return to Chile, and went to Great Britain to study political science, specifically, to Essex University: "I met Oscar there."

According to Biehl, the years at Essex were filled with great experiences, because he was faithful to the principle that "the major distortion of youth was to succumb to the temptations of political action and to abandon studies. But I followed the advice of Frei and other party comrades, that it was better to become prepared."

He returned to Chile in 1969. Frei was still in power and, although he admits that he was tempted to participate in the political arena, he joined the Catholic University of Valparaiso, and served as academic vice rector.

During that period (1969), the Frei government was ending and there was disenchantment in the country, as he remarked, because many things had not turned out as expected. Partly for this reason, he chose to remain at the university.

Biehl remained close to Frei and his fellow party members. He wrote for the magazine MENSAJE, in which he set forth his views on the current Chilean reality, and participated in some advisory groups with Gabriel Valdes, then foreign minister. "But always in the university," he stresses, "I never received a salary from the government."

He remained at the university until a year after the election of Salvador Allende in 1971, at which time he received an offer of employment as a guest professor at Liverpool University, in England. He accepted, and was located at the Center for Latin American Studies there.

"This was the best thing for me; I had the opportunity to continue reading and learning; and, in addition, since I was a Christian Democrat, I was not part of the Allende plan. But, since I was a member of the opposition, I was certain that we would return to the government in 6 years; I never thought of what would happen. After the Allende term, it was our term."

In 1973, when John Biehl was returning to Chile with his family, on a ship in a Colombian port, they told him that there had been a coup d'etat in his country. He could not continue traveling to his destination, and went to Lima. A few days later, he managed to return to his native land.

He rejoined the university as a director of the Political Science Institute, working as a professor, and continuing to write for magazines. He retained that position for a year, until the Government Junta named a military interventor and informed him that he "could not engage in political science unless he declared himself loyal to the Junta."

This incident forced him to leave the country. At that time, Biehl had a close relationship with the Chilean bishops, primarily Cardinal Raul Silva, who advised him that it was wise to leave.

When he was asked about his position toward the regime's policy, he declared that he had always put up opposition, but in writing and with civil organizations, never in a belligerent manner. "I don't believe in violence, not even in the most extreme situation. I believe in ideas, and that has thwarted many of us Chileans, because we have seen violence tragically in our nation. Under no circumstances could I participate in groups which insult or use bombs. I belong to a very romantic generation, which truly believes in ideas, in the apostolate. Violence only leads to more violence, whether it comes from the left or the right. Violence attacks the dignity and freedom of the individual."

He dwells at length on his position: "We live in a world in which both the right and the left are in confrontation, in a battle between black and white, and I do not have any association with them. It is untrue that man has a response for all problems; there are complex matters, and I don't think that it is bad to live with the anxiety of not having solutions for all conflicts. Violence left my generation out; we had no response either for Marxist violence or for militarist violence."

He adds: "Our strategy was to put up democratic opposition; it was impossible, and I had to leave." At the end of 1974, John Biehl left Chile and went to Costa Rica in search of his friend, Oscar Arias, to request his help. In this way, he procured a work contract as a United Nations adviser in Costa Rica; since then, he has served as an official of that agency.

He remained in the country during the administrations of Daniel Oduber and Rodrigo Carazo; later moving to Panama, Honduras, and Mexico. He returned to Costa Rica in September 1985, to cooperate in Arias' election campaign, for which purpose he requested leave from the agency until February 1986. For 3 months, he rejoined and worked with a contract between the government and the United Nations, as a consultant on investment programs, especially those related to housing and women's issues. His appointment was for 3 months, but it could be renewed.

The lawyer, economist, and political scientist intends to remain as an official with that agency, preferably in Costa Rica. He has six children, two of whom are Costa Ricans; the sixth one has the president's name, Oscar, and his wife is named Gloria.

But although John Biehl's plans are still to remain with the United Nations, his fundamental goal is to return to Chile. "The first thing that we shall do will be to change the Constitution. Dictatorship never prevails, and Pinochet will fall. The struggle for human freedom is the only one that knows no defeat; and Pinochet will fall in Chile; Fidel Castro will fall in Cuba; and Sandinist Nicaragua will fall."

The Cost of Being the President's Friend

"When I found out that there was a Costa Rican at Essex, I looked for him," said John Biehl, recalling how he met Oscar Arias. The friendship that he had made with the Costa Rican Rolando Ramirez, when he was studying in the Netherlands, aroused in him a great inquisitiveness regarding our country. The university environment, poetry, literature, art, and Latin American problems were the introduction to what was to be a "deep friendship."

"Oscar recited poetry; he knew Ruben Dario, the Spanish poets, and Neruda by heart. We had a group that met on weekends; I was the most stupid; I liked to talk about literature and politics, but I had no artistic gifts."

And in this environment there began the close relationship between the Chilean and the current president. For 2 years, the students shared their intellectual and ideological concerns: "Long hours of study and work" during which they followed the university students who, at that time, were facing the great political debate of the time: Eduardo Frei's revolution with freedom, or Fidel Castro's communist revolution.

These events took place between 1967 and 1969. Nearly 20 years later, the bond between the two has become intensified. The scene today is Costa Rica, where the cooperation given by Biehl to Arias, at different periods of the current president's political career, has evoked some speculation about the influence of the former over the latter.

The attention drawn by the lawyer, economist, and political scientist was heightened during the last Costa Rican election campaign, when rumors circulated to the effect that Biehl was the person closest to the then candidate Arias, whose speeches he was claimed to have written. He was called "presumptuous, clear-thinking, with a friendly countenance, an untiring worker, with a visceral disposition, and absolutely loyal to Arias."

What is John Biehl really like? In the brief meeting with reporters from RUMBO, the United Nations adviser showed great openness toward responding to questions that did not imply any criticism of the president. He proved to be tremendously loyal to his friend, the ruler, and defended him "viscerally."

He attributed to "malice" and "mediocrity" publications that have picked up impressions such as the foregoing, and claimed not to know the reasons for such assertions.

His sensitivity to what has been said about his personality in certain journalistic circles appeared toward the end of the interview.

At the outset, he slowly described different phases of his life and his relations with Oscar Arias, with whom he claimed to attend movie theaters, discuss theater, have a few drinks, and watch soccer.

But he also devotes many working hours to contributing technical views regarding government plans, from his United Nations position. "No one who is beside Oscar can work less than 16 hours a day," he claimed. And he meets that demand.

The father of six children, at the age of 46, he was accompanied by his youngest daughter, Paulina, during part of the interview.

Biehl patiently interrupted the conversation to deal with the youngest, as he also did when visited by the housing minister, Fernando Zumbado, and his two children. But, in addition to the latter official, the planning minister, Oton Solis, and others closely associated with the government were also at his house.

A Friendly Hand

A Christian Democrat, and an opponent of Augusto Pinochet's regime, he was forced to leave Chile (where he was working as director of the Catholic University of Valparaiso's Political Science Institute), when he was told that he "could not engage in political science unless he declared his loyalty to the Government Junta."

His first stop on the road to exile was Costa Rica. "The one who had been my friend at Essex was a minister in Daniel Oduber's administration. I came looking for Oscar, to ask if he could help me, and procure a job for me; which he was able to do. He told me that he would like us to work together, but added that he thought that they intended to oust him as minister at any time."

During that period (1975), there was speculation that Arias and other officials of the Oduber government were to be dismissed. Nevertheless, within a few days he was established in the cabinet.

"Oscar had very great generosity at that time, I arrived morally exhausted; he received me in his home, and I lived there with him and Margarita, at San Joaquin de Flores, for 3 months.

"He convinced me to remain working on a United Nations advisory project. Oscar asked the agency to consider naming me as a consultant, and they gave me a first contract to work in the National Planning Office, headed by Oscar."

He remained there during the Oduber and Carazo administrations, in the same UN post.

[Question] Recently, in statements to the press, former President Carazo hinted that the economic adviser of his controversial government had been you, who are now Arias' adviser. What was your relationship with Carazo like?

[Answer] It was limited to the continuation of the project that the previous government had been carrying out. I don't know whether the advice was correct

or not; what I can say is that Mr Carazo did not take it into consideration at all. The president followed certain guidelines, and I remember that he signed an agreement with the International Monetary Fund largely at our advice; but exactly 48 hours after signing, he violated it. I don't want to judge him, but I daresay that all the technical assistance that was given to him to cope with the crisis was not pursued.

Nevertheless, Biehl claimed that he had "great affection" for Carazo, and that he had dealt with him most when he was alone, without the backing of the cabinet.

With Arias

John Biehl has remained beside Arias at important junctures: At the end of the 1960's, he shared the university classroom with him; starting in 1975, he accompanied him during a major phase of his public and political career; and, in 1985, he experienced the final process of his battle for the presidency of the republic.

Regarding Arias at Essex, Biehl claims: "He was a very progressive person, concerned about poverty, and in favor of an independent Latin America. He wanted our countries' dialogue with Europe to be on an equal footing, and one of the things that most concerned him, and that is why we agreed so much, was the methods for ending poverty without ever putting an end to freedom."

Furthermore, "he was a great writer; he wrote about Costa Rica and Central America, and liked to analyze the problem of his country's leadership."

After that (according to Biehl), Arias talked about being president of Costa Rica. "He was studying to achieve it. He was always saying that; the Europeans would laugh a great deal about it, and the Latins too, because he would say it very candidly and very openly."

[Question] As early as that student period, did you notice any leadership qualities in him?

[Answer] No. During that period, in fact, Oscar did not appear to have any political quality; he was a terrific student. He would spend hours in the library; it was something impressive; he was like a bookworm. On weekends, he would go to London, to attend the opera or to hear music, which delighted him; but the way in which he devoured books was obsessive.

Although, after Essex, Arias and Biehl got together on some occasions, once in Chile, where he had been invited by his friend to give some lectures, their relationship became activated again in the Office of Planning.

"We worked very hard with Oscar; it could not be otherwise. He is a compulsive man, just as he was about reading at Essex; here, he is such about working. You can leave him at 0200 hours, and at 0600 hours the next day he will be calling you to consult with you."

[Questions] It has been claimed that several publications that Arias put out when he was planning minister are your work. What comment could you make?

[Answer] That...surely Oscar's "friends" make that claim. No! That is completely false. It shows that there is a great deal of negative competition taking place in democratic political battles. It is an attempt to claim that people have not accomplished things. Oscar is a great writer. I regret that, now that he is president, he has no time to write. I have participated in long sessions to revise Oscar's manuscripts, but so have many other people, for example, Enrique Benavides. Oscar, in turn, has worked on my publications.

That assertion that I could have been the author of his books is really infamous. I would like to know whether the individuals who have said that are even capable of writing a letter to their mother. What such people trigger is envy, nothing but envy.

How do they explain all of Oscar's publications when I was not in Costa Rica. If that is true, who wrote them for him? Why have they refused to give Oscar credit for that constant toil, week after week, and day after day?

The Campaign

My participation in that respect was very slight, from September 1985 until February 1986. Heaps of things have been said about that which are not so. There is no mystery. I requested leave without pay from the United Nations, and I came. The National Liberation Party had had a very difficult democratic process. Oscar attempted to impose a woman as president of the Legislative Assembly and his own party refused. The election of candidates for deputy was very difficult, and so were other processes; all of which caused a severe decline in Oscar's popularity. It was not known whether or not he could be president.

Nevertheless, in September, when I arrived, things were starting to change. Not because of me, but because the Liberationists were by then tired of fighting among one another, and became agglutinated around Oscar; because Calderon, son of Calderon Guardia, was on the other side, with major historical connotations for Costa Ricans, because of the incidents of 1948.

But for what purpose was Biehl summoned? Friendship, friendship, for God's sake! Does one have to be born in the same country to have a friendship?

[Question] Did it have anything to do with the devising of the famous peace campaign?

[Answer] What a lovely song...charming! Sandra is a beauty. Have you gone there, to "Momentos"?

[Question] Yes, she sings very beautifully. I am an admirer of her, but in which area did you come to cooperate in the campaign? In propaganda?

[Answer] No, I came as Oscar's friend, at a time that he perceived as extremely difficult. He told me: "The situation is difficult; I need to discuss certain

matters. At this point, I don't really know what is going on. We are going to win, you need not have the slightest doubt; but come, help me." He urged me strongly. And of course, I like him, I like him very much.

What happened here was that: I came at a request based on friendship. I had never had any great part in an election campaign. Oscar was tired of so much fighting; he was trustful of telling me what was happening; I had come from outside; I stood above the quarrels; and when I spoke before many of the friends cooperating with him, they thought that it was like Oscar speaking. I don't know; I believe that there was agreement. What kind of order could I give to so many people?

[Question] A reverse process also occurred in the campaign. There were many differences, and you came as someone who could easily communicate with Don Oscar. Arias was accused of not heeding the recommendations of his collaborators. So, to what extent have you influenced Oscar Arias, considering the fact that you have been beside him at important junctures in his life?

[Answer] You could be right about that, but I don't think that I had an influence. There are many who claim that Oscar doesn't listen, but he does, and carefully; precisely because he has never ceased to be an intellectual. He is not proud, but extremely humble. When they claim that he doesn't listen, and that he is arrogant, it is because he is weary of fights, the outcome of which he does not discern. He is a master at achieving consensus, and when he has it, he acts with enormous assurance; and when he loses patience, he says things that he himself doesn't believe.

There were many talented people in the campaign, and sometimes they were in conflict with one another. We talked; they told me sincerely about the grudges that they might bear toward Oscar; and I think that it was in that respect that I helped to reduce friction.

[Question] But didn't you participate in the campaign strategy?

[Answer] I took part in discussions, but I believe that Oscar ultimately devised the winning strategy. There is a very strange phenomenon about him because, 10 years ago, it was claimed to be impossible for him to become president. This was the first indication that he was really doing things well.

The phenomenon of Oscar Arias in Costa Rican politics, and I am not speaking as a friend, but rather as a political scientist, is too new and intense for people to put it in perspective and to be willing to take a positive attitude toward him. He broke all the rules; no one gave him the right to be president. He arrived without party bonds; without this and without the other, and even today people say: "How did he arrive?"

Why does this widespread pettiness exist? Why do they always have to explain the phenomenon of Arias? Because someone has done things for him. What is happening? Why don't they try to view him constructively? He has spent an entire lifetime dedicated to this. I am a part, a friend; he has others, like

me, Margarita, and Rodrigo, who represent a hundred times more than what my friendship means. Did he perchance arrive by accident? Did he perchance buy the presidency of the republic? I have seen Oscar working, burning the midnight oil, and writing. I took part in the campaign out of friendship, and only that.

Their Current Relations

Apart from social meetings, Biehl and Arias maintain, as has already been noted, a working relationship. The United Nations Official declared: "I express my opinion when he calls upon me to express it. Every week, I submit to him a memorandum on matters regarding which he has questioned me."

He explained that this advice is part of his job at the UN and that, for him, it is a privilege "to participate in Oscar's decisions. He has great wisdom because, insofar as I know, he has never made decisions without asking questions. This myth that has been created about the influence that I might have on Oscar reflects ignorance of his personality."

Dwelling on what the president is like, his Chilean friend said that he is "a fellow who has matured rapidly; one observes that process in his publications. Everything about him is rapid. He leaped and broke a tradition in the Liberation Party."

He also noted that Arias is a politician who "takes on processes personally; I think that he shares this with Rafael Angel Calderon."

Moreover, in Biehl's view, the president is "extremely Costa Rican, attached to the country, perhaps from the influence of his grandparents; and to him, politics makes sense only as an apostolate."

In conclusion, John Biehl emphasized the number of friends that he has in Costa Rica, not just Arias, but journalists, politicians, and intellectuals who visit him regularly. For this reason, he claims that what has been said, that he remains anonymous and is enigmatic, is untrue. He remarked that his telephone number is in the telephone directory. "If they don't seek me, it is because they don't want to; I am not in hiding; there are no secrets here."

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COSTA RICA

CALDERON: ELECTION POSTMORTEM, FUTURE PLANS

San Jose RUMBO CENTROAMERICANO in Spanish 18-24 Jul 86 pp 7-8

[Interview with PUSC leader Rafael Angel Calderon Fournier, by Ricardo Lizano, in San Jose; date not specified]

[Text] The defeat was left behind. Rafael Angel Calderon Fournier, the presidential candidate of the Social Christian Unity Party [PUSC], who on 2 February of this year lost the elections to Oscar Arias, no longer reflects on his face the sadness noted a few days after that date, and appears willing, if necessary, to traverse again the path leading to a presidential candidacy.

This does not mean that he has already made the decision to launch into that venture, because it will not be until a few months after 1988 that, in his view, the conditions will be present to evaluate whether or not it is feasible for him to aspire to that position again.

Nevertheless, there is shown a considerable change in attitude on the part of the young politician who, while he was swallowing the bitterness of defeat, told his closest collaborators that he did not want to hear anything about presidential candidacies.

Now relieved of the tensions caused by an election campaign, Calderon agreed to a lengthy interview with RUMBO, thereby breaking the silence of several months. In his private office, located on Second Avenue, about 100 meters east of the Costa Rican Social Security Fund, he commented on his party's internal activity, his political plans for the future, his relations with the present congressional faction, and Oscar Arias' government as well.

Internal Struggle

Both inside and outside of PUSC, it is known that there is movement in its ranks. No one has dared to announce his precandidacy, but it is known that German Serrano, Miguel Angel Rodriguez, Roberto Tovar, Jorge Gonzalez Marten, and Calderon himself, among others, are constantly touring the entire country, meeting with the organization's local leaders.

Calderon regards himself as apprised of this situation, and gives it his blessing: He remarks: "I consider it feasible for names to start being mentioned in PUSC,

and for our rank and file, and leaders, to find out who might be presidential candidates, whether it be in 1990, 1994, or 1998. The party needs to keep creating leaders, and this is all right."

Nevertheless, the politician does not extend this approval to what might prove to be a premature struggle among movements, because while that type of action is all right, "declaring oneself openly as a precandidate, forming an organization for that purpose, and beginning an effort of that type right now," is not.

It is his view that there are other priority tasks for the present: "Consolidating the party, striving for its unity, and dedicating ourselves to advising the congressional faction and to the ideological training of our leaders." Other activities are also included among those priorities: "Making statements regarding national problems, fostering the party's territorial reorganization, and many tasks which, of course, prevent us from thinking about presidential precandidacies."

But there is something else which Calderon, obviously, does not mention, and which precludes an official opening of a contest of precandidacies with the approval of the Social Christian top echelons. It is his own leadership and the possibility that he may decide to run in the 1990 elections, whether or not he aspires to the presidential candidacy for the third time.

He reiterates: "I don't want to talk about precandidacies; nor have I said whether or not I shall run again. That will be a decision that must be made within 2 years and some months; and, if I decide to participate, I shall be happy if there are other contenders, because that would strengthen the party. I have always taken part in internal contests, both for the 1982 and the 1986 elections; although, on this latter occasion, it was not until the end, because the precandidate that I was opposing decided to withdraw."

When he speaks thusly, Calderon leaves the door open for a third aspiration of his, indicating a significant change in his thinking even a few months ago. He is then asked how many times he would be willing to vie for a presidential candidacy, and he quite clearly responds: "As many times as the party deems necessary." And he immediately adds: "I am not obsessed by another presidential candidacy; I am at ease working on many party matters, but I am also willing to fight the battles necessary for it."

And on what factors will it depend whether or not Calderon decides to set forth on another venture of that type? "I would say that the essential factor is to determine what suits the party. I have said that my nomination will not be an obstacle preventing the organization from opting for what best suits it. If it is better for the party's benefit for us to put forth a new face for the 1990 elections, I shall not attempt to impose myself, just because I think that I have greater popular support."

Nevertheless, in Calderon's view, this is a question that must not start to receive its proper response until after about 2 years have elapsed. This is

a requirement because "political circumstances change greatly." And if, after consulting with "countless party comrades," he decides not to enter his name to compete in the 1990 elections, the politician claims that he will be free "to decide whether I openly back any precandidate, or remain dissociated from the convention."

But what qualities would Calderon like to find in a PUSC leader to replace him in the presidential candidacy? "It must be a person committed to the party's proposal and ideals who, if he arrives in the government, will ensure us the fulfillment of our program; one who has popular acceptance and, of course, personal qualities of integrity and political ability." A party man? Calderon comments: "It must be a party man; we cannot import a candidate."

In any event, after considering that he has already completed a major phase in the PUSC work, the politician thinks that this organization has other "comrades" who might well seek a presidential nomination. And, although he prefers not to mention any names, "because I might leave someone out," he is of the opinion that PUSC currently has about "10 persons" who have qualifications for being presidential candidates.

Calderon and the Deputies

During his conversation, Rafael Angel Calderon made it clear that, for several days, he has been making tours of various sections of the country, visiting Social Christian leaders to whom he has expressed "sincere thanks" for "the devotion and loyalty" with which they worked during the last elections. "I emphasized to them the importance of the fact that there is no struggle among movements at present, and I asked them not to give support to anyone at all, including myself."

This endeavor, together with his professional activity as an attorney, accounts for most of his action at present. He has had time to meet on repeated occasions with the members of PUSC's current congressional faction; although in some circles it is claimed that he does so more often than he admits.

Calderon explains that he has had "considerable individual contact" with each of the legislators, but claims that he has only met with the entire group "on a couple of occasions to express my views to them." He maintains: "I have a special desire to aid the congressional faction in any way that I am able."

In certain national political circles, it is said that one of those occasions on which Calderon met with the Social Christian group of deputies was on 19 June, when they did not appear in the Legislative Assembly; prompting many to conclude that it was, ultimately, a decision on the part of PUSC's former presidential candidate which had brought about the legislators' conduct.

The meeting was actually held, as the leader admitted during the course of the conversation. "The Social Christian deputies were greatly concerned, because those from the National Liberation Party (PLN) were attempting to approve the

agreement for tuna fishing in the Eastern Pacific by 29 votes, when we were convinced that it would require 38."

He added: "The situation alarmed us, because we do not think that a government can begin its administrating by violating the Political Constitution, or that bills can be passed in the Legislative Assembly with presumptuousness and force."

And what role did Calderon play on that occasion? He stressed: "It was at a suggestion of mine, and I want to be very clear about this, that several commissions were formed to visit the mass media, the universities, the trade unions, and the management chambers, to explain to them the situation which we regarded as very serious." But, he was pressed: "Did you specifically propose that they not attend the legislative session that day?"

With a slight smile, as if trying to recall what was obvious, he commented: "All right, obviously, if the deputies had to visit that number of organizations in a single day, it would have been impossible for them to be at the congressional meeting held that day."

During the time when the clash between the PUSC and PLN congressional factions was most intense, after the aforementioned agreement on tuna fishing, the head of the former, Luis Manuel Chacon, made statements to the press which were interpreted to the effect that this organization was setting several conditions in exchange for its approval of the bill. He mentioned the reinstatement of teachers dismissed by the Ministry of Public Education (MEP), and the equitable regulation or distribution of the so-called specific funds among all deputies.

This statement was clarified later by Calderon, but at the time that the interview was held with Calderon, this explanation had not yet been forthcoming.

He noted: "I would like to say that the congressional faction did not make the agreement to negotiate the approval in return for anything"; stating categorically: "We do not consider the situation involving the tuna fishing agreement to be negotiable."

Calderon added: "When I saw Luis Manuel Chacon's statements, I talked with him immediately, and he explained to me that he was not setting any conditions for the approval of that agreement."

Nevertheless, Calderon admitted that those had been points cited by Chacon to the minister of the presidency, Rodrigo Arias, to whom he pointed out that PUSC would consider as a "sign of good will" the regulation of the specific funds, "which should be a right of the 57 deputies," as well as the fulfillment of "the courts' decisions regarding the teachers dismissed by the previous administration."

Since (up until the time that this interview was held) the tuna fishing agreement had become the main cause of a clash between the government and the opposition, Calderon was asked about his position concerning that initiative. "It doesn't appear to me to be the best thing for the country. However, I would not regard

it as being so serious, with the understanding that it would be something temporary and if it were duly stipulated that there was a set date requiring the negotiation of a definitive one."

Then why did PUSC oppose that initiative so overtly? The leader remarks specifically: "Since there are some comrades who consider it good, and others who view it as very bad, it was decided not to have a party line for voting on the bill. Each deputy would vote according to his conscience. What does seem unfeasible to us is that an attempt should be made in Congress to approve by a simple majority matters which really require the approval of all the members. That seems extremely serious to me, and it does not bespeak the government's desire to maintain the respect that a representation of 542,000 Costa Ricans should receive."

Monge-Calderon, Calderon-Arias

The country has obviously felt the tension caused by the confrontation that has arisen in the Legislative Assembly between the two majority forces. During Luis Alberto Monge's administration, there was never a clash that reached such dimensions; hence, the former Social Christian candidate was asked what the situation would have been if he were president of the republic.

He emphasized: "I am sure that this type of problem would not have occurred with him. Monge had some major achievements, as well as some very serious mistakes; but it must be admitted that he knew how to deal with political realities suitably. He demonstrated great humility and much political ability. In addition, he maintained constant relations with the heads of the PUSC faction and, when I was a candidate, we had a more intense contact for discussing the country's problems."

Calderon contrasts that attitude with the one that he claims to have been maintained by Oscar Arias, for whom 3 months had to elapse "before he held the first meeting with the head of the Social Christian faction."

There is obviously a clearcut difference between the relationship that Calderon had with Monge and the manner in which the contacts between PUSC and PLN have been conducted at present. This prompted the need to learn Calderon's views regarding Oscar Arias' government.

"In its relations with the opposition, I see major differences from the Monge administration. I think that it should have more humility and consideration for those of us who represent a large sector of the population. After all, the country belongs to all Costa Ricans, and not just to those who won an election."

But what do you think of the Arias administration in general? "I don't think that very clear decisions have been made yet. In the realm of foreign policy, Arias began by having a confrontation with the American president, Ronald Reagan, over the aid to the anti-Sandinists and the attack on Libya. However, he maintained a very positive position at the meeting in Esquipulas, Guatemala, at which I think his position was very clearly defined, although a little inconsistent with what he had done previously."

In the economic area, Calderon admits that his concern has been aroused by the recent statements made by the finance minister, Fernando Naranjo, and the executive president of the Central Bank, Eduardo Lizano. He remarks: "I don't know whether they are preparing us for the adoption of drastic economic measures during the coming months, such as an early devaluation, which should not occur when coffee prices are higher than normal, those of oil have dropped, and the American aid, although not so large as in Monge's time, has been sustained."

Based on these three points, there is no reason to expect that the country will embark on an economic crisis "unless (Calderon warns) President Arias has found in the government a situation different from the one that he announced he would find during the election campaign."

He then recalls that, at that time, "Arias said that the economic situation had been resolved, that the country had been stabilized, and that now, it would merely head toward a genuine reactivation." And if that assertion did not prove true, if the country's situation is more serious than the chief executive expected, Calderon demands an unembellished description of the reality. "I believe that we Costa Ricans are entitled to know about it, and it is up to the government to tell the truth promptly."

'I Feel Very Happy'

Any political leader who has lost a presidential election for two consecutive times is, in the opinion of some, entitled to feel disappointed. However, Rafael Angel Calderon, twice defeated, claims, rather, to feel very satisfied as a political leader.

His greatest satisfaction is "having been able to contribute, finally, to the consolidation of a political party that is not called 'national liberation.' " He stresses: "I have to feel very happy at having attained that goal," although he admits that he would have preferred to win the elections, so as to "prove that a Social Christian government can really respond to the needs of the Costa Rican people." He gives a reminder that the elections take place every 4 years, and "I sincerely believe that we shall be in power in 1990."

Some of his opponents claim that, as a representative of the Calderonism that they attribute to him, Calderon Fournier will never become president of the republic. He describes this statment as "absurd," because, "during the last election campaign, there were many signs that the hatreds brought about by the events of 1948, which affected the two groups alike," have now been surmounted.

In his opinion, those who make such statements are groups frightened by the growth of PUSC, who need "to find desperate arguments in an attempt to keep PLN in power for 12 years." He is asked: "And if, through any circumstance of fate, you should never become president, would you feel bitter?"

In a calm tone, Calderon responds negatively, claiming: "The fact that PSUC won, whoever the presidential candidate might be, would make me feel very gratified at having helped a Social Christian government to govern the country's destiny."

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GUATEMALA

CEREZO SIGNS LEGISLATION OUTLAWING SPECULATION

Guatemala City EL GRAFICO in Spanish 5 Jun 86 p 10

[Text] Vinicio Cerezo Arevalo, the president of the Republic, asserted in a press conference that his government will make efforts to prevent prices of goods from rising, but he warned that this struggle should not be viewed as being intended to reduce them, but rather to hold the line. He also announced that he has already signed into law the economic crime bill.

The chief executive said: "The fourth great front that the government will develop in the next 126 days will be the battle against high prices. We are aware that despite our appeal to commercial sectors to cooperate in order that the standard of living of the Guatemalans is not affected, a speculative trend prevails in several sectors.

"I have already signed the legislation against economic crime," he said, "and it will go into effect today, after its publication in the DIARIO OFICIAL, which implies the establishment of even stiff penalties and imprisonment, without any bail, for merchants who do not cooperate or who violate the prices fixed by the Government of the Republic for their control.

"Of course," he said, "this fight against prices will include some other activities incumbent on us in our capacity of subsidiary state in order to meet some basic necessities, such as the establishment of the popular market fair in 15 days. Several weekly and fortnightly markets will also be set up where the products that the state obtains from the interior of the country will be sold directly, and the producers themselves will do the selling in order to reduce the activity of middlemen and the possible profiteering of some commercial sectors. We will also gain from the experience of the establishment of popular outlets for basic products, especially those products that affect the subsistence of Guatemalans."

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GUATEMALA

HUMAN RIGHTS OFFICIALS CITE CEREZO'S UNRESPONSIVENESS

PA150252 Havana International Service in Spanish 2300 GMT 13 Jun 86

/Report by Jose Oscar Villagran in San Jose, Costa Rica--live or recorded relay/

/Text/ Guatemalan Interior Minister Juan Jose Rodil has admitted that violence has been on the rise in the country, although security forces are coordinating their actions to provide security to the people. However, just yesterday, President Vinicio Cerezo told newsmen that the government was unable to protect all the people, and that security operations in Guatemala will continue until democracy is consolidated, without specifying when this will be.

Meanwhile, in the Uruguayan capital, officials of the Guatemalan Human Rights Commission said that since Cerezo took office on 14 January no effective measures have been taken to investigate not only past human rights violations, but also current ones. Representatives of Guatemala's humanitarian organization are on a tour of several South American countries. They said that they have documented information on the disappearance and unofficial execution of 60 persons during May alone. The human rights representatives said: We are not saying that Cerezo is implementing a repressive apparatus and policies. However, his lack of action has kept the military's repressive policies intact. They added that the current Christian Democratic regime has shown greater interest in reinforcing its foreign policy than in improving Guatemala's domestic situation.

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GUATEMALA

RODIL EXAMINES INCREASE OF VIOLENCE

Guatemala City PRENSA LIBRE in Spanish 13 Jun 86 p 2

[Text] Yesterday at 1100 hours, Interior Minister Juan Jose Rodil Peralta arrived at the Congress of the Republic to report on the activities that have been carried out to put an end to common crime.

Moreover, the official told the newsmen, he would inform the top representation of the country about the financing projects that we must undertake in order to carry out the professional and technical training of the national police, to enable them to perform their duty of safeguarding public security.

"This is a matter of high priority for the nation. For that reason, I will talk about an evaluation we have made of the national police and my findings, about the immediate measures that have been taken, and about the emergency measures, or Master Emergency Plan, that will be in effect as of today.

"In like manner, the programs of social reorganization of the security corps and the basic programs to accomplish the technical training of the security forces will be discussed.

"The Master Emergency Plan consists of 17 concrete and specific points," the head of the Interior Ministry noted, "which we will begin implementing in the next 45 days.

"I come to apprise Congress of this information and of the instructions of the president of the Republic."

With respect to the problem of the increase in violence, he pointed out that it is a problem that he has to view very seriously because many countries have experienced it in going from a dictatorial to a democratic regime.

"It happens because crime is aware that a democratic government must adhere to a series of legal procedures, and the criminal considers that he has more room to operate.

"That is a social phenomenon that occurs in a lawful regime with democratic liberties. On the other hand, in authoritarian governments, where the law is

worth little and does not stand for much, measures are actually taken that go beyond the legal norms and the basic principles of respect for human dignity.

"But once moralizing elements are introduced into the police, they can be much more effective in curbing crime and much more flexible in verifying human rights.

"This is a challenge that has been faced by almost all the countries that have gone from a de facto to a democratic regime. That is why at this time, after 5 months of democratic government have elapsed, President Cerezo has deemed it appropriate that I come to make a detailed report to Congress because it is the top national representation and because we will have to send here the projects to finance the technical training of the police."

At the Plenum

The legislative reporters went up to the gallery on the second level of the parliamentary hemicycle in order to listen to the minister of the interior.

There was a giant screen. At first it was thought that it was intended for the deputies to follow the world championship soccer games in Mexico, in an effort to keep them from leaving the session.

But that was not the case--it was intended to project slides that the minister of the interior used to illustrate his statements.

Minister Rodil Peralta reported that he visited five security units, one traffic police unit, and the police training school.

There are not many policemen, he added: 755 in Guatemala Department, 71 in Alta Verapaz Department, 57 in Baja Verapaz Department, 59 in Chiquimula Department, 178 in Chimaltenango Department, 133 in El Progreso Department, 216 in Escuintla Department, 124 in Huehuetenango Department, and 14 in Izabal Department.

So few policemen to cover a territory of 60,604 square km is impossible--they do not cover even 44 percent of the country.

Furthermore, he found that the physical facilities of the units are in very bad condition, and that the policemen lived in deplorable conditions.

He pointed out that he found out about the notorious "bites" that were even put on the policemen themselves in order to get a pass. It is millions, he said, that we discovered they have collected corruptly.

To improve police service, it is necessary to increase the number of policemen, but only by putting them through the police school in order that they will be trained. In like manner, the number of vehicles to transport them should be increased, and the radio patrol cars and motorcycles currently in use are in poor condition and need to be repaired.

Radio communications have to be improved inasmuch as the current network is deficient. Also, the individual equipment of each policeman must be improved, as that in use is obsolete and incomplete, and policemen have to be provided with antiriot sticks.

Furthermore, the police must be made aware that they are at the service of democracy and not of the political parties.

They want professional police that will meet the present needs and be at the service of the community.

For that purpose, loans of \$33 million are already being negotiated with various foreign institutions, and it is expected that Congress will approve the projects when they are submitted.

These projects, he pointed out, cannot be carried out overnight, but the 17 points of the drafted program will be implemented gradually.

Questions

Next, the deputies were told that they could query the minister if they had any doubts. Several of them spoke, and others asked specific questions which the minister of the interior subsequently answered.

But other deputies started to speak protractedly about the needs of their departments, and they were repeatedly called to order by the acting chairman who presided over the session.

A deputy became annoyed and started to yell and gesticulate when he was denied permission to speak, but his words could not be made out because the sound system was cut off.

Other deputies had nothing to ask because they were dozing, as the newsmen could observe from the gallery, and another slept soundly throughout the minister's speech.

Others, looking after their welfare as well, savored a delicious sandwich with demitasses of the best coffee in the world--that of Guatemala.

8414/6662

CSO: 3248/562

GUATEMALA

HAVANA REVIEWS DIFFICULTIES FACING CEREZO

PA232155 Havana International Service in Spanish 2300 GMT 21 Jun 86

/ "Our America" commentary--read by Manolo Ortega /

/Text/ When Guatemalan President Vinicio Cerezo Arevalo received the presidency 5 months ago from his predecessor, Oscar Mejia Victores, he took charge of a nation that for years had suffered successive military dictatorships and people who were anxiously waiting for changes and real democracy.

The massacres, assassinations, and repression place Guatemala in a tragically prominent position with regard to the violation of human rights. Approximately 40,000 people missing for political reasons is a record that is unparalleled by other Latin American nations that have also been the victims of military regimes. To this must be added the economic situation with an increasing inflation and foreign debt. Unemployment is increasing at the same time that the Guatemalans' purchasing power is decreasing. Prices are going up, and there is a shortage of staples. All of this helps to worsen the people's discontent and to make the social situation increasingly more explosive.

The promises about socioeconomic changes that preceded Cerezo's inauguration seem to have been forgotten in these 5 months. During this period, there has been a continuation of the human rights violations, the repression, the concentration of troops, the military operations in several regions of the country, and the forced recruitment in preparation for a counterinsurgency escalation particularly directed against the residents of the regions where the guerrilla forces are located.

The URNG, which groups the three rebel organizations of the country, has charged that some time before the new president took office a broad counterinsurgency operation began to be carried out and that the new authorities should have turned it into a process of democratization. A document issued by the URNG stated that if President Vinicio Cerezo really wants to change the situation in the country, he should take immediate measures to create the conditions for democratization. The general command of the URNG publicly stated that it will not hinder the government efforts for democracy, but it reiterated that it will continue the struggle as long as the reasons that led the people to take the path of weapons continue to exist.

The guerrilla organization demanded that the Vinicio Cerezo government implement such measures as a purge in the military and police commands, the elimination of the paramilitary bands, the punishment of those responsible for torture, assassinations, and disappearances, and the dissolution of the civil self-defense patrols and the so-called model villages.

In response to the demands by the human rights group called the Mutual Support Group for the investigation of the disappearance of individuals, President Cerezo said that this matter should be forgotten because, he added, we have received a past that we must acknowledge at some moment, but the most important thing now is to find a point of national reconciliation. The presidential request for reaching an agreement with the people to rebuild the country will not be achieved if the current Christian Democratic government does not keep its campaign promises of giving answers to the families that do not know the fate that has befallen their loved ones. Since Cerezo took office, more than 100 assassinations and approximately 50 disappearances have been reported. This increases the people's doubts and distrust about any change.

/12228

CSO: 3248/576

GUATEMALA

ECONOMIC RESTRUCTURING PACKAGE GOES INTO EFFECT

Main Points Outlined

Guatemala City EL GRAFICO in Spanish 6 Jun 86 p 12

[Text] Guatemala, 6 Jun--The draft economic restructuring plan prepared by the president and approved by the legislature as a way to face up to the serious economic situation being experienced by the country was published yesterday in the official journal in the form of decrees and subsequently became effective.

The action taken by the Legislature consisted of Decrees 22-86 through 28-86 which were signed by Alfonso Cabrera Hidalgo, president of Congress, and by Vinicio Cerezo Arevalo, president of the Republic.

The promulgation of this "big package," as the program has been named, was effected yesterday in spite of heavy opposition expressed by different sectors of national life.

Specifically, this "big package" will become effective today. This coincides with the resumption of the "pots and pans" protests which have been organized at the national level by the Guatemalan Confederation for Trade Union Unity (CUSG).

The most important decrees in the "big package" are as follows:

22-86: Provisional law covering the foreign exchange system, which establishes three rates of exchange: official, regulated, and bank rates;

23-86: Law dealing with a supplementary tax on exports;

26-86: A temporary supplemental tax on revenues collected by GUATEL for services of an international nature;

27-86: Increase in the State Revenues and Expenditures Budget for the 1986 fiscal year by 771 million quetzales.

The last-named decree is possibly the one that has given rise to the greatest controversies and opposition because of the fact that it will cause more inflation, according to experts.

Guatemala City PRENSA LIBRE in Spanish 7 Jun 86 p 15

[Text] The purchase of foreign exchange on the regulated market started yesterday in all banks in the system at the rate of 2.50 quetzales per \$1.00, according to Federico Linares, president of the Bank of Guatemala.

This gives importers and exporters the opportunity to conduct their operations in conformance with the provisions of the Economic and Social Recovery Law.

As for the opportunity to pay off foreign debts, this law gives Guatemalan importers the advantage of doing so at an exchange rate of one-to-one, provided the import papers are dated 4 June or earlier.

"As regards the last-described action," he said, "we cannot speak about devaluation of our money because only a decree issued by the Congress of the Republic can accomplish this. The other measures are being applied to generate foreign exchange and thus to increase our dollar reserves and make it possible to confront the crisis."

Black Market Activities Continue

Guatemala City EL GRAFICO in Spanish 15 Jun 86 p 15

[Text] Guatemala, 15 Jun--The black market in dollars and foreign exchange operating in the country will not disappear, our reporters have been told by several owners of foreign exchange offices. They added, "The measures being taken by the government of the Republic to put an end to the black market in dollars will not cause major problems for foreign exchange offices which, one way or another, will continue to operate."

Our reporters visited approximately 10 foreign exchange offices whose owners or representatives gave similar answers, indicating that the government's measures would cause them some problems but that they would continue to operate the way they have been.

"In no country in the world has it been possible to put an end to the black market; therefore, we are totally certain that they will not be able to eliminate the Guatemalan black market in dollars and foreign exchange. All of us foreign exchange office owners have been operating illegally since the foreign exchange crime law was decreed; however, in spite of all obstacles, we have been able to operate and will continue to do so, despite the measures taken by the government and the security forces," they said.

At the present time, the illegal business of exchanging dollars is a magnificent but very dangerous activity which, in spite of its danger, is growing daily in Guatemala.

The owners of foreign exchange offices said that the government is telling lies, as the black market has never been able to gain control [here] or in the United States, where there are better security forces than in this country.

"If the government takes measures against our business activities, we, too, will be forced to take our own measures to protect our businesses. We will have to take greater precautions and be much more alert than the police agents," they added.

"Our business is very dangerous, as we expose ourselves to police discovery because we are operating illegally, and they will give us a few years in jail or a heavy fine. But the worst part is that we are operating between two forces: Just as we can be arrested and locked up by the police, we can be attacked and killed by criminals whose number has increased in the country," the owners of foreign exchange offices explained.

We Will Not Work With the Banks

In another interview, the owners of foreign exchange offices clearly stated that they are not ready to work with the banks, with a set rate of exchange, "because it would then cease being a profitable business."

"We will continue to operate illegally as we have been doing. We know that we are exposing ourselves to being arrested or killed, but we have no other way to earn our living," one of the foreign exchange operators said.

"If we work with the banks in dollar exchanges, we money changers will not make much money and, even worse, no one would come to a foreign exchange offices, because a bank offers him more security. We feel that the measures the government is going to take are not good ones because they could cause a lot of people, instead of earning a living in an activity such as this, to commit robberies, assaults, or other crimes," they said.

The Dollar Tends To Go Up

In one of the surveys conducted by our reporters, it was determined that at present a dollar is exchanged for 2.89 quetzales and bills of exchange convert at the rate of 2.88 quetzales, which tends to go up, at least on the black market.

A group of money changers told EL GRAFICO that the exchange of dollars is not an activity which police agents can control, because in spite of the issuance of the foreign exchange crime law they have continued to operate.

"If the government decides to close all the foreign exchange offices, the only ones who will be hurt are the money changers who are now earning their living in this way. That is the only way I could find a job," one woman said, who told us she has to support five children.

A Serious Problem for the Government

The reality of all this is that the existence of a black market in dollars in the country in one way or another will cause [the value of] national money to drop even further. However, there are several problems which the

government will also have to confront, such as the fact that many persons will be left without jobs. Above all, there could be an increase in crime in the country.

Therefore, each and every measure taken by the government with respect to these matters should be taken conscientiously, and an effort should be made to ensure that no Guatemalan will be affected.

8143/13046
CSO: 3248/564

GUATEMALA

BRIEFS

ARCHBISHOP GERARDI SUPPORTS GAM--The archbishop of Guatemala, Msgr Juan Gerardi, has said that in Guatemala human rights are still violated, and he spoke out in favor of the work done by the relatives of missing politicians. He added that although there is a civilian president in this Central American country, confusion still remains and people's rights are not fully respected. Archbishop Gerardi pointed out that violent acts are carried out in Guatemala motivated by the high cost of living and low wages. /Text/ /Havana International Service in Spanish 1600 GMT 29 Jun 86 PA/ 12228

SEGURA ELECTED USAC RECTOR--Roderico Segura Trujillo yesterday became the new rector of the San Carlos University of Guatemala (USAC) for the 1986-90 period. This second electoral round was carried out yesterday morning in the main hall of the former law school (9th Ave & 10th St, Zone 1), with participation of 165 electors. Segura Trujillo got 93 votes, Dr Antonio Sandoval 60, and there were 3 absentees making a total of 155 votes [sic] from the 10 academic units. "With this triumph, which belongs to all the sectors that comprise out institution of higher education, we will begin a period of harmony, peace and increased attention to the Guatemalan community," Segura Trujillo said after learning of the outcome. [Text] [Guatemala City PRENSA LIBRE in Spanish 7 Jun 86 p 9] 8414/6662

ARCHBISHOP DENOUNCES VIOLENCE--Guatemala City Archbishop Msgr Prospero Penados del Barrio has said that he is worried about the atmosphere of violence that the country is experiencing, and pointed out that the press publishes reports daily of murders and kidnappings, without the authorities being able to determine who is responsible. Msgr Penados said that in the recent past, the work done by the church in favor of those in need resulted in the murder of 14 priests and a number of lay preachers, and the definitive disappearance and exile of several religious workers as well. Meanwhile, the parish priest of the southern Guatemalan town of Nueva Concepcion, Escuintla Department, Father Andres Giron said that General Rodolfo Lobos Zamora, the present Guatemalan ambassador to Panama, ordered his death when General Lobos Zamora was commander of the military base of Huehuetenango 5 years ago, and that he was forced to accept a temporary exile to save his life. Father Giron said that during his religious career in Huehuetenango, he witnessed the Army's institutionalized violence against the civilian population. On its second anniversary, the Guatemalan Mutual Support Group, comprised of relatives of missing people, stated that it will continue its struggle to locate the missing loved ones, and attain the punishment of those who are responsible for the human rights' violations in the country. In that regard, General Lobos Zamora and two other high-ranking military officials will be formally brought to court by that humanitarian organization, to answer to the charges made against them. [By Oscar Villagran] [Text] [Havana International Service in Spanish 2300 GMT 6 Jun 86 PA]/12766

MEXICO

CAR OF PRI SINALOA GUBERNATORIAL CANDIDATE HIT BY GUNFIRE

Security Doubled

Mexico City EXCELSIOR (STATES section) in Spanish 28 Jun 86 p 1

[Text] Culiacan, Sinaloa, 27 June--During the past 24 hours, the guarding of the private residence of the PRI [Institutional Revolutionary Party] candidate for governor, Francisco Labastida Ochoa, has been doubled, because one of his vehicles was fired upon from a moving car last Wednesday.

Since yesterday, State Judicial Police agents have been stationed on strategic sites outside the residence of the former secretary of energy, mines and para-state industry.

The Office of the Attorney General of Sinaloa denied that this incident was an attack against the Institutional Revolutionary Party candidate; and claimed that not even the personnel working with Labastida Ochoa knew the time when the shots were fired, much less how many individuals fired them.

The security group protecting Labastida Ochoa said that one of the shots, apparently a 38 caliber, broke the rear window of the black Grand Marquis car parked outside the residence.

The car is one of those most often used by Labastida in his political campaigns in the state.

It was remarked in the attorney general's office that, to date, no charge has been brought by the PRI candidate, who continued his tour through Mazatlan this morning.

Among police sources it was claimed that the shooting of the car of the former head of SEMIP [Energy, Mines, and Parastate Industry Secretariat] "could have been a warning from the drug trafficking Mafia"; however, groups of detectives have arrived in this city from the Federal District, and will be responsible for investigating the case.

Possibility of Stray Bullet

Mexico City EXCELSIOR in Spanish 29 Jun 86 pp 1, 4

[Text] Culiacan, Sinaloa, 28 June--Today, Bernardo Riveros Acosta, director of the State Judicial Police, denied that agents from that corps have, during the past few hours, arrested 12 persons involved in the damage caused to one of the cars of the PRI candidate for state governor, Francisco Labastida Ochoa. He claimed that there are no witnesses in that case who could provide sufficient evidence.

Interviewed in his office, the police official maintained that "it might have been a stray bullet" that hit the rear window of the vehicle of the former head of the Secretariat of Energy, Mines and Parastate Industry. He asserted: "Everything would appear to indicate that there was no intention of making an attack."

He noted that the Institutional Revolutionary Party's leader (Labastida Ochoa) was in Mexico City when the shots were apparently fired at his black Grand Marquis car parked outside the residence of the candidate for the Sinaloa governor's position, in colonia [urban community] Gabriel Leyva.

He said that not even the residents themselves noticed the detonation from the weapon that was used.

Meanwhile, in the state attorney general's office, the secrecy regarding the damage caused to the vehicle was maintained.

Riveros Acosta said that the guard outside the residence of the PRI candidate for the Sinaloa governor's position had been heightened, as it had on Labastida Ochoa's campaign tours.

Today, the local press published the statement that the shot fired at Labastida Ochoa's car is "a warning prompted by the proposals made by the candidate against violence and the drug traffic."

2909

CSO: 3248/544

MEXICO

COUPONS SUBSIDIZING RICE, BEANS, OIL POSSIBLE IN SEPTEMBER

Monterrey EL NORTE in Spanish 25 Jun 86 p 1-A

[Text] Mexico City, 24 June--By the end of September, the coupon system, such as the one for tortillas, will be expanded to subsidize the products in the "basic food basket," starting with rice, beans, and oil.

Jose Jesus Ramirez, director of the Joint National Committee for Wage Protection, subordinate to the Labor Congress, claimed today that the purpose of the coupons is "to mitigate the effects of inflation and to bolster the workers' real income."

He claimed that the negotiations to expand coupons such as the "tortibonos" [tortilla coupons] are already being held between the Commerce Secretariat and the Labor Congress.

He remarked: "The extension of the coupon system to the basic food basket may begin at the end of September, following the first phase of implementation of the coupon for tortillas."

The official, who is in charge of implementing the subsidies, explained that the "tortibono" is in an experimentation phase in 20 states of the republic, including Nuevo Leon.

He added: "When the system is refined, it will gradually be extended to the other products, starting with rice, beans, and oil.

"Later, it will be applied to others, such as tuna fish or sardines, and to those which the state, through CONASUPO [National Company for Basic Commodities] or other institutions, has the capacity for producing or distributing."

Ramirez admitted that the coupon system "is not the solution" for the loss of the wage's purchasing power, but claimed that the Labor Congress had exhausted other means for protecting the workers' families, and had no recourse other than to use the coupons.

He explained that, from May to the present alone, the increases in bread and tortilla prices amounted to 30 percent.

He gave assurance that the coupons to subsidize other products would reduce the price of foods by 20 percent of their official price.

The "tortibono" makes it possible to purchase tortillas for 32 pesos per kilogram.

The coupon program for purchasing tortillas started on 28 April of this year.

Ramirez explained that it would be the trade unions themselves that would draw up the lists of persons who could have access to the coupons.

"The Labor Congress has pledged that the coupons will reach precisely those who are most needy, those with a minimum wage, or with twice the minimum wage."

He said that the purchase of food with coupons will take place mainly through the CONASUPO and union shops, but he did not deny that it might be applied in private business establishments that accept the system.

As for the coupon to subsidize tortillas, he noted that its implementation has been slow.

Nevertheless, he said that it is now being tried in 20 states, where about 400,000 persons are using the coupons.

He said that the goal is for the "tortibono" to reach 4 or 5 million families.

He added that, to date, there have been over 500 unions distributing coupons for tortillas.

He claimed that the delay in the dissemination of the "tortibonos" was due to the lag in promotion.

For example, he observed that, last week, the advertising of the coupon began with signs and pamphlets in the unions on the national level.

He said: "It is expected that this and next week, a large number of orders for tortilla coupons will be made."

The union official admitted that the coupons are a "political" response to the deterioration in wages.

He added: "Let wages improve, and we won't request anything of this kind."

At the outset, it had been reported that those interested in "tortibonos" would have to visit a CONASUPO, where they would fill out a form with information on the family's financial income.

Later, CONASUPO would provide coupons weekly, based on the results of a socio-economic study of the family.

Now, it has been announced that no one may visit the CONASUPO's to request coupons, because this will all be done through the unions.

The Step by Step Process of the 'Tortibonos'

1. The trade union requests its inclusion in the DICONSA [CONASUPO Distributing Agency] Tortibonos Program.
2. The union turns in the list of workers and coupon requirements.
3. The union makes an agreement with DICONSA.
4. The union, with DICONSA, counts the weekly or biweekly consumption of coupons.
5. DICONSA provides the union with coupons.
6. The workers obtain the coupons from the union.
7. The union, with DICONSA, reconciles real weekly or biweekly sales.
8. The union pays DICONSA the price of the supplies.

2909

CSO: 3248/541

MONTSERRAT

PAPER HITS CHIEF MINISTER FOR CONFLICT OF INTEREST ROLE

Plymouth THE MONTSERRAT REPORTER in English 16 May 86 p 4

[Editorial]

[Text]

CHIEF Minister John Osborne has written to the Montserrat Seamen and Waterfront Union asking them "to take the necessary decision that would" in effect prevent a vessel other than one of his boats from bringing cargo to Montserrat at a considerably cheaper price than he is offering. The letter was signed J.A. Osborne, Manager, Great Western Shipping Company.

We can think of no other democracy in which a public figure would dare to act so blatantly to protect his own self-interest at the expense of a country. Almost any other public figure would know that the only response that could follow would be his letter of resignation.

It is doubtful of course that the Chief Minister even gave this a second thought. Even if he did it is pretty certain that he would regard resignation as being out of the question and he would not be asked to resign by anyone - not the Governor, not his party, not his fellow Cabinet ministers. He knows he can do almost anything he likes and get away with it.

This is a lamentable position to be in and Montserrat is paying a terrible price for it. Already we have had to live down the Little Bay scandal, the Dominelli debacle and now the Chief Minister's shameless attempt to use his office to intimidate the Montserrat Seamen and Waterfront Workers Union to do his bidding; to prevent cargo from coming on carriers other than his own in an effort to further his own interest at the expense of the Union and of every consumer in Montserrat. What new manifestations of decadence and depravity we would be asked to put with in the coming months before the next general election is anybody's guess. But we must serve notice on the PLM, loud and clear that enough is enough.

As the Reporter has repeatedly stated it is up to the people of Montserrat to demand change. To insist that the people we put in high places do not abuse and discredit their offices, and by the same token the whole country. We must resolve to replace John Osborne and his motley crew come next election. But in the meantime the power of public opinion should not be underestimated and should be used to regulate and improve how those in high office conduct themselves.

Public opinion should demand an inquiry into freight rates and the Chief Ministers unprecedented move to protect his self-interest at the expense of Montserrat. And also into why it is that government has been selling cement duty free to people in the self-help housing project at a higher cost than they can buy it from M.S. Osborne Ltd. even with the duty paid.

The coming months are going to be crucial. A government gone desperate for power and alarmed by the fact that it continues to lose favour with the people is likely to conduct even more serious mistakes but would be cunning and crafty in its trickery to retain power. Should this occur Independence surely will follow and that would be the biggest disaster Montserrat could ever imagine.

Public opinion is perhaps the only means now of keeping PLM in check; we must not hesitate to use it. And we must not lose sight of the fact that in the interest of Montserrat John Osborne and PLM must go.

317

30: 3298/517

NICARAGUA

BOS, UNO LEADERS SIGN 'DEMOCRATIC AGREEMENT'

PA070404 San Jose LA NACION [NICARAGUA HOY supplement] in Spanish 28 Jun 86
pp 1, 3

["Democratic Agreement of the Nicaraguan Resistance" signed between the Nicaraguan Opposition Unity, UNO, and the Southern Opposition Bloc, BOS, on 18 June in San Jose, Costa Rica]

[Text] The undersigned, representing the Nicaraguan Opposition Unity, UNO, and the Southern Opposition Bloc, BOS, with a patriotic spirit and united by our objectives, agree before our people to obtain our country's liberation, peace, and the reconciliation of the Nicaraguan family:

1. To coordinate the efforts of our organizations and to wage an unyielding struggle to establish in Nicaragua a rightful regime that guarantees peace, democracy, social justice, and full respect for human rights.
2. To maintain the identities of our organizations in the framework of cooperation and mutual respect.
3. To continue giving priority to a political solution of the civil war in Nicaragua, in order to spare the Nicaraguan people from more destruction and bloodshed.
4. To promote the establishment of a government of national unity that within a year will hold free and honest elections for a National Constituent Assembly in charge of drafting a new constitution with a definite democratic content, based on the Western values to which we are historically and culturally linked.
5. To guarantee that in the future Nicaragua, the armed forces will be under the authority of the civilian government and that they will have a national, professional and nonpartisan character. The armed forces will have the responsibility of ensuring that the institutionality of democracy is maintained. Their size will be limited to defending the nation's sovereignty, and the country will be gradually demilitarized.
6. To promote a new social pact in which workers, businessmen, and the government will participate in a joint effort to make sure that the responsibilities and economic benefits are equitably shared.

7. To respect traditional values of the Miskitos and other ethnic groups in the country, promoting their development and participation, and enabling them to benefit from the nation's plans.

Central America, 18 June 1986

UNO

Alfonso Robelo

Adolfo Calero

Arturo J. Cruz

BOS

Alfredo Cesar

Fransisco Fiallos Navarro

~~Alvaro Jerez~~

Bayardo Lopez

Adolfo Chamorro

/12232

CSO: 3248/554

NICARAGUA

BRIEFS

NATIONAL ASSEMBLY APPROVES REORGANIZATION--Yesterday the National Assembly approved the jurisdictional reorganization of the judicial branch which will permit some deficiencies in the Justice Department to be overcome. During the discussion of the bill which began on 3 July, it was clearly established that in some parts of the republic it was better to go by geographic boundaries instead of the administrative political division, to improve the administration of justice. For instance, Article 3 of the new law refers to the transfer of jurisdiction of the sole local court of San Nicolas del Oriente municipality, Leon Department, with its corresponding territorial authority, to the jurisdiction and authority of the district courts of Esteli Department. These will be their higher courts according to the case. In matters related to labor, the court of appeals of Region One will be in charge. [Excerpts] [Managua EL NUEVO DIARIO in Spanish 9 Jul 86 p 8 PA] /12232

CSO: 3248/554

PARAGUAY

SOVIET RADIO REPORTS OPPOSITION TO ANTI-STROESSNER STRATEGY

Moscow RADIO PEACE AND PROGRESS in Spanish to Latin America 0130 GMT
19 Jun 86

[Text] A group of Paraguayans who oppose the regime in their country have met in Madrid and issued a proposal for the democratization of their country. The well-known writer Augusto Roa Bastos; one of the leaders of the Febrerista Revolutionary Party, Euclides Acevedo; and a personality of liberal extraction named [no first name] Prieto have urged all democratic forces to merge in a single front for the 1988 presidential elections to oppose the candidacy of the dictator Stroessner.

There is hardly any doubt that unity is perhaps one of the most burning issues for the Paraguayan opposition, because it is the very lack of coordination among all these democratic organizations that allows the dictatorship to stay afloat, despite the fact that it has brought ruin and misery to the country.

However, observers are asking themselves the following question: What role will a single, united Paraguayan opposition front play in the 1988 elections?

Let us bear in mind that six of these so-called Paraguayan elections have already resulted in electoral farces at which the Paraguayan opposition was cast as the clown in Stroessner's show. The democrats who truly wanted to participate in the elections became targets of mockery. Ballot boxes disappeared into the void and reappeared soon afterward full of forged ballots. As a rule, the number of votes for Stroessner always exceeded the number of registered voters in the country. Thus, it can hardly surprise anyone that the Paraguayans deposit blank votes in the ballot boxes, having no wish to be accomplices in the swindle against the people.

However, now we have a group of Paraguayan personalities who seem to have forgotten all about past elections and want to fight the dictatorship with votes in a country where there is state of siege, where all democratic organizations are banned, and where violence and arbitrariness are standard political tools.

It is obvious that this proposal is hardly in keeping with the degree of development and maturity attained by the antidictatorial movement of the Paraguayan masses who are staging demonstrations and demanding the immediate departure of the dictator from Government House.

In light of these developments, the proposal to participate in the tyranny's electoral farce could be construed as an attempt to undermine the anti-dictatorial onslaught of the people and counsel resignation. This would give the dictatorship a respite.

Staunchly antidictatorial Paraguayan organizations that belong to the Dr Gáspar Rodríguez de Francia Paraguayan Liberation Movement and other groups are willing, in principle, to participate in elections, but these elections must be held after the tyrant is overthrown, so an atmosphere of total electoral freedom can be enjoyed, and after all the political prisoners have been released and the exiles have been allowed to return to their fatherland.

/8309

CSO: 3348/672

PERU

JAPANESE TOURISM, FISHING INDUSTRY ASSISTANCE

Matsushita Electric Donates Computer

Lima EL NACIONAL in Spanish 25 Jun 86 p 21

[Text] A state-of-the-art minicomputer that will improve service to the public went on line yesterday in the Deputy Ministry of Commerce; it was donated by Matsushita Electric.

Valued at more than 100,000 intis, the National Panasonic model RLH 7100 B was presented by the executive president of Matsushita Electric, Susumo Matsumoto, to the deputy minister of commerce, Dr Pedro Menendez Richter, who thanked the company for the donation and pointed out the advantages of the desk-top machine, which will be linked up to the computer center at the Ministry of Industry, Tourism and Integration.

The state-of-the-art minicomputer, which has a 10-megabyte hard disk, will streamline import-export procedures, especially the issuing of permits.

In addition to this major gift, the Japanese firm has awarded numerous basic and advanced training scholarships to tourism-sector personnel.

Fishery Center Training

Lima EL COMERCIO in Spanish 22 Jun 86 p A-10

[Text] The Japanese Government, through its International Cooperation Agency, will give Peru \$6 million to outfit the Paita fishery training center and develop small-scale fishing in the north.

The Fisheries Ministry indicated that the project requires a total investment of \$8.5 million; the domestic share will be \$2.5 million, with the Japanese grant providing the rest.

The ministry indicated that the assistance would be in the form of visits by Japanese experts, training in Japan for Peruvians students and professionals and donations of equipment and materials for training.

The assistance includes a fully outfitted, 15-ton training vessel for small-scale fishing, another 10 boats of 3 to 5 tons, and a testing room outfitted with modern equipment and instruments.

Cold-Storage Vaults

In addition, cold-storage vaults will be installed, and a training wharf, pilot plants and a laboratory will be built.

The Fisheries Ministry also reported that the first of the 30 small-scale wharves under construction along the coast has been opened. It is located in San Juan de Marcona.

Now that the wharf, which cost 8 million intis, is open, the hope is to increase the number of boats fishing in the bay from 9 to 50 and to create some 350 jobs.

The entire small-scale fishing infrastructure program calls for an investment of \$27.4 million, financed by the Inter-American Development Bank and the governments of Italy and Switzerland, it was indicated.

At the opening of the San Juan de Marcona wharf, Fisheries Minister Jose Palomino Roedel announced a series of incentives for small-scale fishermen, including prompt loans through the Financial Development Corporation and the Industrial Bank.

He said that these incentives were a way of rewarding the small-scale fishermen, who help to feed our people by supplying 70 percent of the fresh fish on the domestic market.

8743

CSO: 3348/659

PERU

MONTARO RIVER WATER TRANSFER, ELECTRIC PROJECT DETAILED

Water Shortage Problem Alleviation

Lima EL COMERCIO in Spanish 22 Jun 86 p A-10

[Text] The "Mantaro Transfer" project, the most ambitious ever developed in Peru, provides a comprehensive answer to the shortage of drinking water in Lima and of electric power in the country, in the opinion of prominent sanitary engineers and geologists.

This view has been expressed by engineers Luis Chang Reyes, Augusto Martinelli Tizon and Daniel Escobar Escobar and Dr Jose E. Arce, all of whom are experts on the issue of drinking water, watersheds, and the soil and subsoil in Lima and the rest of the country.

Except for Dr Arce, these experts feel that the country cannot afford the \$1.4 billion that the "Mantaro Transfer" project demands, owing to the current economic and financial crisis.

Dr Jose Arce, in contrast, says that "if we compare the cost of the project with the population to be served and if we bear in mind, furthermore, that it will be a definitive solution, the effort must be made, no matter how great."

Comprehensive Project Costing \$1.4 Billion

What the "Mantaro Transfer" project boils down to is bringing water from the Mantaro River to the Santa Fulalia River basin and from there to the Rimac, which will increase its flow by 18 cubic meters a second. It is complemented by the Sheque hydroelectric plant.

It will cost \$1.4 billion (\$600 million to transfer the water and \$800 million for the hydroelectric plant), as huge pumping stations must be built and outfitted to raise the waters from 3,930 to 4,436 meters above sea level. The first station would be in Atacayan and the second in Corispaccha, where reservoirs would also be created.

Other Construction Projects

In addition, canals, dams, reservoirs and other structures must be built. In some cases, existing structures can be utilized, such as the trans-Andean tunnel that currently funnels water from the Marcapomacocha lagoon to the watershed of the Santa Eulalia River, which is used to generate electric power at the Huinco, Callahuanca, Moyopampa and Huampani power plants and to produce drinking water at La Atarjea.

The Sheque Hydroelectric Power Plant, to be located 3,170 meters above sea level, will utilize a 1,000-meter waterfall to generate 600 megawatts.

Complete Project Financing

The hydroelectric plant will insure total financing for the project, in the opinion of the World Bank, the Inter-American Development Bank and the experts who worked to develop the project.

Lima Needs More Water

By the year 2000 Lima will require 37 cubic meters of water a second to meet the needs of a population that will, according to estimates, stand at 8 to 10 million.

At present, SEDAPAL puts out between 18 and 20 cubic meters a second in Lima to meet the needs of about 6 million people. It has been reported, however, that losses due to "leaks" and waste amount to 11 cubic meters a second.

There is a shortage because of these leaks, and an estimated two million people do not have drinking water.

Several Projects up to 2005

SEDAPAL and the Housing Ministry have reported on several short- and medium-term projects to provide drinking water up to the year 2005. One of the long-range projects is the "Mantaro River Transfer."

Further Details

Lima EL COMERCIO in Spanish 21 Jun 86 p A-7

[Excerpts] As far as Deputy Energy Minister Luis Chang Reyes is concerned, the only solution to the shortage of drinking water in Lima is the "Mantaro River Transfer" project. The profitability of the project will be insured if the Sheque hydroelectric power plant is built to utilize the water power that it will generate.

He said that the studies on the project have been completed and that the ministry is ready to take bids.

Some \$10 million has been spent on the studies, and a similar amount has gone into the construction of a water plant in Cerro de Pasco to clean up the mineral tailings that were contaminating the Mantaro River.

"The waters of the Mantaro from the Junin lagoon to La Oroya are clean and fit for human consumption," he added.

Surmounting the Andes

Two pumping stations will have to be built to transfer the waters of the Mantaro River to the Santa Eulalia basin, raising them from 3,700 to 4,800 meters above sea level and depositing them in the Marcapomacocha lagoon.

The pumping stations will use electric power from the Mantaro hydroelectric plant.

Defying the Andes, engineers will build canals, reservoirs and aqueducts between the Junin and Marcapomacocha lagoons.

Some of the existing systems, such as the trans-Andean canal, will be improved and enlarged to transfer the water from the Marcapomacocha lagoon to the basin of the Santa Eulalia.

Between the mouth of the trans-Andean tunnel and the Sheque there is a natural 1,000-meter waterfall, which the future hydroelectric plant will harness to generate 600 megawatts. The country will thus have more power generating capacity, in which it currently lags behind the other nations on the continent.

The waters will be harnessed to boost the power output at the Huinco, Moyopampa, Huampani and Callahuanca plants.

Ultimately, the waters will empty into the Rimac River, which will boost its flow by 18 cubic meters a second. The Rimac is currently Lima's only source of water.

In addition to permanently boosting the output of La Atarjea, the project will also replenish Lima's aquifer (underground waters), whose level has fallen alarmingly in recent years.

Dams Pose Danger

In conclusion, Chang Reyes, who was the director of the Mantaro Transfer Project, which will be financed by the World Bank and the Inter-American Development Bank, came out against any project that entails the construction of dams or reservoirs in the highland areas of the Santa Eulalia and Rimac river basins.

"Ours is a country of major seismic activity, and a dam would be dangerous, especially in a basin like the Rimac's, because the city of Lima would be in constant danger," he proclaimed.

PERU

BISHOPS' COMMUNIQUE CONDEMNS VIOLENCE

Lima EL COMERCIO in Spanish 25 Jun 86 p A-10

[Text] The bishops of Peru denounced violence, "regardless of its origin," in a communique released yesterday in connection with the recent incidents at three prisons in Lima and Callao, "which sadly have left so many dead."

Also, in a letter to the head of the Joint Armed Forces Command they requested authorization for a Catholic Church commission to enter the prisons that were the scene of the incidents and the hospitals in which the wounded are being treated, to provide whatever spiritual and material aid is needed.

The violence that is plaguing our people must end, the Standing Council of the Peruvian Episcopate states in the communique. It adds that those who lack sound arguments to convince others resort to death threats.

"Therefore," it notes, "we cannot accept terror as a means of changing what is regarded as wrong in the country. Nor can we accept, however, that the way to change those who have embarked on that mistaken path is by responding in like manner."

"We condemn all homicide, regardless of its origin, just as vigorously as we have condemned the terrorists' attempts on people's lives," the Peruvian bishops indicate.

Citing the words of the Creator in the Bible: "Do I perhaps desire the death of a wicked man, not that he alter his conduct and live?"

They also appeal to Peru to look towards its future. "We have committed many mistakes and lost many lives. Violence leads nowhere," they note.

Recalling Pope John Paul II's message in Ayacucho, the bishops indicate that nothing is achieved by helping to escalate violence.

"We bishops of Peru said in 1974 that we must all see to it that there is no place in our homeland for either hatred, or spiraling violence, or the chain of action, repression and reaction that leads only to identical fratricidal responses, thus creating increasingly insurmountable gaps."

"We must reject the mistaken idea that violence is an effective answer," they remark.

The bishops also called for complete objectivity in the officially announced investigation into the recent events, because "the resolute and effective action of the forces of law and order to halt the phenomenon of terrorism must, of course, be consistent with the rule of law and with respect for human rights."

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CSO: 3348/659

PERU

NEW STAGE SEEN IN THEOLOGICAL ANALYSIS OF LIBERATION

Lima EL COMERCIO in Spanish 24 Jun 86 p A-2

[Commentary by Juan L. Cipriani Thorne: "A New Stage"]

[Text] The two instructions that were recently issued from the Dicastery headed by Cardinal Ratzinger and that were approved by the Holy Father mark the beginning of a new stage in the history of the Church in our country and in Latin America. The Church has indicated the guidelines for correcting "the ruinous deviations" that the ideology of liberation has advocated. With the Holy See's accustomed prudence and patience towards all men of good will, it has paved the way towards rectification. The Holy Father pointed out these paths to all of the cardinals and bishops of Brazil when he reminded them that the Church must begin "a new stage, in close connection with previous ones, in the theological thought that began with the apostolic tradition and continued with the great fathers and doctors, with the regular and special magisterium and, most recently, with the rich patrimony of the Church's social doctrine in documents from Rerum Novarum to Laborem Exercens."

Some time ago, one of the main promoters of liberation theology in Brazil had to be told to correct crass errors in his works. Afterwards, the same priest was called on to meditate and reflect silently for a year. So much for Brazil.

The Church in Peru is the birthplace of liberation theology; the man who is regarded as its father wrote his works here: Gustavo Gutierrez. The time for the theologian to rectify has passed. It is not fair to leave the content of his works in the shadow of doubt with a confusing silence. The Church must issue a clarifying study and pronouncement on them; some bishops already have. There has been a great deal of talk. Many pastorals have been drafted in accordance with that model. Much confusion has been created. Silence is not an alternative. There can be and, in fact, is a diversity of opinion. But this is not a matter of opinions. What is being discussed is very serious: a Church judgment, the acceptance of a single Magisterium, a sociopolitical concept of liberation, a philosophical tool with a Marxist slant, etc.

A study and a pronouncement that set forth clear-cut theological and philosophical guidelines and that draw unmistakable pastoral consequences are urgently needed. Unless the works of the main promoter of a faction of

liberation in the country are mentioned, such a study would be ineffective and create some degree of confusion among those who unquestioningly allow their pastors to lead them by the hand. Only God can judge intentions, but works (words, gestures, assertions, considerations) fall within what a serious study can and must accomplish. This assertion is based on the philosophy that the Church has upheld for centuries, namely, that the truth is objective and, therefore, can be attained. The philosophy of being and its consequences provide a firm support as a philosophical tool.

The unity that the Church defends is not any unity. It is unity in truth. In other words, they are different faces of a single reality. Christ, the Head of the Mystical Body of the Church, is the reality and the foundation. Hitherto, we have conducted only a sociopolitical analysis of liberation, using the elements of Marxian philosophy as a tool. There now begins a new stage, a theological analysis of liberation, which like every theology will have Revelation, Tradition and Magisterium as its foundation. The incompatibility of Marxism and theology emerge once more in the Church's long history, but this time subduing the attempt has been troublesome. We hope that Cardinal Ratzinger's next visit will facilitate the effort.

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VENEZUELA

HERRERA CAMPINS ON FREEDOM OF EXPRESSION, OTHER ISSUES

Caracas EL NACIONAL in Spanish 29 Jun 86 p D-21

[Excerpt] Ex-President Luis Herrera Campins sent the press a text with his replies to the statements made by President Jaime Lusinchi at the ceremony celebrating Journalist's Day.

Herrera Campins refutes Lusinchi's assertions and points out specific cases that occurred in the country in which freedom of expression has been threatened. He also cites figures on [foreign debt] payments made by his government, and in a way that is impregnated with his characteristic humor, rejects the prescription made out for him by the doctor who is now president: "President Jaime Lusinchi and I have known each other well for many years and it please me that he is a loyal reader of VOZ Y CAMINOS [VOICE AND HIGHWAYS], the magazine in which I paint a monthly portrait of his government with malice aforethought. What displeases me is that he should attack me without any sense of elegance, making use of the unfair advantage of the celebration of Journalist's Day.

"I have maintained that freedom of expression during this administration has been permanently threatened, even though the president says he has not made any attempt against it and that he will not do so. If it is not an attempt against freedom of expression to have closed down for an indefinite period (as the Sandinista government has just done with LA PRENSA in Nicaragua) the midday program of the Chamber of Radio Broadcasting, then what is it? If what happened to a Caracas newspaper, an incident denounced by Peter Bottome in the WASHINGTON POST and by Jose Vicente Rangel at a journalists' meeting, is not an attempt against freedom of expression, then what is it? If the savage and absurd opposition--with unjust accusations against its promoter, the eminent priest Gustavo Ocando Yamarte--against the opening and operation of TV-Child Singers of Zulia is not an attempt against freedom of expression, then what is it? It is not acceptable that people who telephone or call the persons responsible for the social communications media in order to threaten them should operate with full freedom of action.

"As for the reference to the non-payment of the first dollars alluded to in my magazine's editorial, the president knows very well that the allusion is to the restructured debt, on which the agreements were so celebrated when

they were signed, but which it has not proved possible to put into effect because the government has sought shelter in the enigmatic contingency clause and has proposed in fact the postponement of payment of the first installment. If anyone should want to confirm this truth he only needs to reread the celebrated telex from the representative of the creditor banks to the minister of finance. Furthermore, I permit myself to remind my friend the president that during my administration, between the years 1979 and 1984 \$29.5 billion were repaid, according to official figures from the minister of finance. Does the president not read his minister or does he not believe him? Either of the two possibilities would be very serious matters."

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VENEZUELA

PEREZ, PENALVER SEEN AS LEADING CONTENDERS FOR AD NOMINATION

Caracas EL NACIONAL in Spanish 19 Jun 86 p D-15

[Text] In Rogelio Rojas Norono's opinion, "the results of the Democratic Action Party's latest internal elections reveal that the struggle for the presidential nomination will very probably be one between former President Carlos Andres Perez and the current secretary general, Manuel Penalver."

The political analyst says that "Penalver is emerging as a candidate for nomination by demonstrating that he not only controls a sector as important as the unions but also dominates the political structure in combination with the organizing secretary, Luis Alfaro Ucero. But that strength on the part of Penalver and Alfaro is due in good measure to the support and solidarity received from the government."

Penalver and Lepage

Rojas Norono emphasizes that "the political picture is being complicated by the aspirations of the secretary general, Manuel Penalver. Until shortly before the elections, the secretary general's followers were denying that he had any presidential aspirations, and even when commentators were discussing the subject, Penalver's followers were saying that it was all a trick--a plot to obstruct Penalver's chances for reelection as secretary general.

"It is obvious that because of the control he exercises over the party machinery, a secretary general with presidential aspirations has an advantage over those not in that position."

He explains that "the secretary general has the power, and it is logical that if he wants to use it to promote his own candidacy, he will very probably be successful."

"Penalver's candidacy alters the initial political picture, in which Minister Lepage appeared to be the candidate that everyone, including the union leaders and the government, would support."

According to Rojas Norono, "Lepage is the very picture of the ideal man for the presidential succession: balanced, cultured, and with vast government

experience, he has been a minister several times as well as an ambassador and the party's secretary general in its most difficult periods, in its underground days, and later in the era of full democracy. Lepage is a politician who meets with approval in all sectors, and his comeback as minister of interior was seen by many analysts as recognition of the fact that his time to aspire to the presidency had arrived.

Problem of Loyalties

"But in politics, loyalties change and are not permanent. A promise made today may be disregarded tomorrow. Politics is dynamic, and it is an area in which permanent commitments are not made," says Rojas Norono.

"Commitment determines strength. Control of the party apparatus is the essential thing. The government needs the apparatus, and the apparatus needs the government."

Decisive Influence

"It has been a historical constant that victory has always gone to the leaders least identified with the government, but this time things did not work that way.

"The leaders who won were those apparently most closely identified with the government. This is a significant and important fact and one that deserves analysis. It reveals that a government does not always suffer erosion."

1. Rojas Norono's opinion, the internal election pointed up the following alternative possibilities:

- a) A sizable sector of the membership is satisfied with the government's administration.
- b) The government has great organizing ability within the party apparatus and was able to persuade those most content with its administration to vote; or:
- c) A broad sector of the membership is indifferent and was not in agreement with the government and expressed its protest by not voting--assuming that the figures on abstention are correct.
- d) The membership was not clear about what was at stake. In other words, it did not know that what was being decided in those elections was whether the former president or one of the other contenders would be the candidate.

Surprises

"The media have spread the idea that former President Perez has been defeated. They associate that defeat with the fact that in some important sections such as Caracas and Zulia, the winners were leaders who are not part of the Perez group, with the result that local posts will also be occupied by leaders who presumably are not going to support the former president. But is

it true that the middle leadership and the rank and file do not support Carlos Andres Perez?

Another question that needs to be asked, according to Rojas Norono, is this: how much actual control is exercised by those who won over the people constituting the electoral colleges, they being the ones who will choose the candidate?

"Carlos Andres Perez is still the leader with the most prestige both inside and outside the Democratic Action Party, according to all the polls. Is it not possible perhaps that he is also still the leader with the most prestige even within the group which won and which seemingly is opposed to him?

"The fact is that although former President Perez apparently lost, it may be that in fact he has won. The membership did not vote against the former president because at no time was it told that it had to choose between Carlos Andres Perez and the others. The latest internal election was a confrontation among local leaders, not among major national personalities. If the membership had been told that it would be choosing between former President Perez, Minister Lepage, and Secretary General Penalver and if each had presented a separate slate bearing his own name, the results obviously would have been different," Norono adds.

"As has been shown, it was a confrontation among local leaders who were very careful not to express repeatedly their support for national leaders. It is obvious that the victory in some sections by the group apparently opposing Perez makes the situation more difficult for him now. But it must not be forgotten that in choosing a presidential candidate, consideration is given not only to an individual's influence over the party apparatus but also to his ability to attract people outside the party.

"On the other hand, we have the fact that the government is continuing to play 'she loves me, she loves me not' pending a choice between Lepage and Penalver. It currently gives the impression of supporting Reinaldo Leandro Mora's candidacy for nomination. It is also important to point out that Luis Pinerua Ordaz has entered the race for nomination, and to be fair, we must admit that after Perez, Pinerua and David Morales Bello have been gaining in popularity.

"It therefore remains to be seen who will be chosen by the electoral colleges. It would seem that the two strongest candidates are former President Perez and Secretary General Manuel Penalver.

"Despite all that, however, former President Perez is undoubtedly the leader with the best chances thanks to the specific weight he carries in this country. Public opinion polls show clearly that Carlos Andres Perez is the man who can guarantee victory for the Democratic Action Party."

What do you think, dear reader?

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CSO: 3348/648

VENEZUELA

AD'S ORTHODOX CANDIDATE TO BE CHOSEN BETWEEN MORA, LEPAGE

Caracas ZETA in Spanish 30 Jun 86 pp 10-11

[First paragraph is ZETA introduction]

[Text] Octavio Lepage will have to decide in a matter of weeks or days whether he will remain in the Ministry of Interior or take to the streets to vie for the AD's presidential nomination. For its part, the orthodox AD will also have to decide without delay whether it is going to throw its full support behind Reinaldo Leandro Mora or Octavio Lepage. Both men have orthodox support, but only one will confront Carlos Andres Perez.

Faced with the hyperactive campaign by Carlos Andres Perez to win the presidential nomination, the orthodox AD will have to speed up its decision concerning a candidate. The options are clear, and they are already known: Reinaldo Leandro Mora and Octavio Lepage. Leandro's name has already been put forward by several party organizations, and Lepage has just announced in San Cristobal—during the Fourth National Meeting of AD Professional and Technical Employees—that he is prepared to run for the presidential nomination.

Support

In terms of clear statements, the top AD leadership's preferences have already been made known. Reinaldo Leandro Mora is being supported, and glaringly so, by party Chairman Gonzalo Barrios, Secretary General Manuel Penalver, Deputy Secretary General Humberto Celli, and the organizing secretary, Luis Alfaro Utero. Also obvious is the support Leandro Mora is receiving from such party organizations as the Educational Bureau, whose top leader, Carlos Lee, has visibly been very active on behalf of Leandro's candidacy in recent weeks. The current speaker of the National Congress is also supported by the Young People's Bureau, which is headed by Luis Emilio Rondon, and the Agrarian Bureau, as well as by most of the Union Bureau.

Despite the tremendous support being demonstrated for Leandro Mora, Octavio Lepage, far from being intimidated, displayed just a few days ago his determination to vie for the AD's presidential nomination to the end. Lepage announced publicly in San Cristobal what he had already made known in private to important national leaders of the AD. In a brief sentence—but one long

enough to make his decision clear, the minister of interior said: "I am a candidate for the presidential nomination."

As far as support goes, Lepage is backed by none other than President Jaime Lusinchi himself, who until now has been very discreet about endorsing candidates for nomination, but in view of the turn taken by events--characterized in particular by the urgency shown by Perez--probably no one is surprised that the chief of state is expressing his preference. Still, that preference had already been finding expression through such people as Miguel Angel Contreras Laguado, whose political activity is closely bound up with the president's duties.

Imminent Decision

In the contest for nomination, Lepage is reportedly being held back by the limitations imposed on him by his high office and by the president's firm decision, announced at the very beginning of the current administration, that "anyone wanting to engage in politics will have to move from the government to the party." The minister of interior is currently facing a dilemma: whether to leave the ministry to fight openly for his nomination. In the opinion of observers, he will make his decision in a matter of weeks, or perhaps days.

Orthodox AD's Role

Some observers feel that as part of his strategy, Lepage is counting on Reinaldo Leandro Mora to withdraw on some pretext despite the solid support that Leandro enjoys. This is merely speculation, since the orthodox AD is currently faced with the dilemma of choosing between Leandro and Lepage and then uniting all its forces behind one of them against Carlos Andres Perez. With his unusual activity aimed at winning the nomination, Perez has managed to force the process and put pressure on the orthodox AD, so much so that the latter's decision cannot wait any longer. Everyone in the orthodox AD agrees that the decision on a candidate must be made as soon as possible, especially since Carlos Andres Perez is prepared to do anything to become the presidential candidate. That includes making use of the huge international financial resources available to him and allying himself with groups which are traditionally the AD's enemies and which see the candidacy of the leader from Tachira as a sure chance to remove the AD from power, since Perez' nomination would mean an inevitable polarization that would work inexorably against the government party. For the present, the orthodox AD is counting on the most effective instrument for stopping Carlos Andres: the electoral colleges. The makeup of those colleges will be decided this year at a meeting by the National Executive Committee, a body consisting of leaders from all over the country, most of them aligned with the orthodox AD. The colleges will have from 30,000 to 35,000 members, and Luis Alfaro Ucero and Manuel Penalver will control an overriding majority. But in the opinion of some observers, the orthodox AD must make its decision concerning a candidate without delay and place all its forces once and for all in the hands of the man it chooses.

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CSO: 3348/648

VENEZUELA

BRIEFS

NEW CNP BOARD OF DIRECTORS--Last night the new board of the National College of Journalists for the Federal District was sworn in. During the ceremony the outgoing secretary general Bernardo Fischer and the incoming secretary general Hector Mata made speeches. Members of the new board are Zoraida Carvajal, Elsy Barroeta, Ramon Hernandez, Bernardo Fischer, Amado Fuguet, William Becerra, Alirio Bolivar and Cesar Trujillo. Fischer made a detailed presentation of his activities as secretary general and stressed the need to make a united effort to turn the CNP into a strong and combative organization. Among other ideas that he expressed, he alluded to the establishment of permanent procedures for evaluating union leaders, and also to the need to set up new procedures for electing such authorities, such as the one-vote electoral method so that all those elected should be the result of a conscientious vote. He also called for reforming the Journalist's Code of Ethics so as to protect professionals in the exercise of their activity, which is adversely affected by a number of interests. In this regard he said the union's election results, which favored the party in power, mean for many the fear that this coincidence may influence the union's activities, especially at times when it may be necessary to confront the government. [Text]
[Caracas EL NACIONAL in Spanish 28 Jun 86 p D-11] 12856

QUESTIONING OF OCI DIRECTOR--The Chamber of Deputies permanent steering committee agreed yesterday to question next Wednesday the director of the Central Office of Information, Alberto Federico Ravell, in order for him to inform Congress on the measure decided on by the Council of Ministers forbidding ministry directors "without exception" to provide news or public statements without prior authorization from the appropriate minister. Committee president, Deputy Julio Cesar Moreno, said the Copei party members of the committee presented a draft agreement "condemning the attitude of the present administration since it contradicts what is established in our juridical system"; declaring solidarity with the National College of Journalists in its public denunciation; and joining the exhortation made by the Journalists' College of the Federal District to the executive power for the latter to "revise this measure, which does not contribute in any way to the full exercise of the democratic liberties guaranteed by the constitution." Moreno stressed the fact that such limitations were imposed in the country for the first time, causing serious injury to freedom of expression in Venezuela and specifically violating Article 66 of the Constitution,

which consecrates "the right to express thoughts aloud or in writing, and to make use of any means of dissemination thereof, without any prior censorship." The agreement to condemn the measure was not supported by Acion Democratica, but the proposal was approved to summon the OCI director for questioning on the measure, considered "contrary to the Constitution and objected to by the College of Journalists as being injurious to freedom of expression and information, and conspiring against the work of the reporter and making difficult the free exercise of journalism." [Text] [Caracas EL DIARIO DE CARACAS in Spanish 4 Jul 86 p 16] 12856/9835

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